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Canada. Wartime Prices and
Trade Board
Report

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REPORT

of the

WARTIME PRICES
AND
TRADE BOARD

January 1, 1944

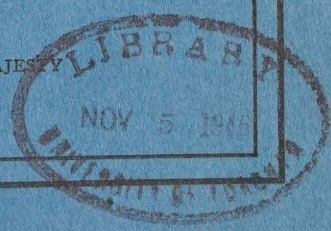
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December 31, 1944



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OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1945



REPORT
OF THE
WARTIME PRICES AND TRADE BOARD

JANUARY 1, 1944 TO DECEMBER 31, 1944

To His Excellency Major-General the Right Honourable the Earl of Athlone, K.G., P.C., G.C.B., G.C.M.G., G.C.V.O., D.S.O., A.D.C., Governor General and Commander-in-Chief of the Dominion of Canada.

MAY IT PLEASE YOUR EXCELLENCY:

The undersigned has the honour to forward to Your Excellency the report of the Chairman of the Wartime Prices and Trade Board on the activities of the Board for the calendar year ending December 31, 1944. This is the third report of the Board, which was established on September 3, 1939.

All of which is respectfully submitted.

J. L. ILSLEY,
Minister of Finance.

OTTAWA, March 23, 1945.

To the Honourable J. L. ILSLEY,
Minister of Finance,
Ottawa, Canada.

SIR,—I have the honour to submit a report of the activities of the Wartime Prices and Trade Board from January 1, 1944, to December 31, 1944.

I have the honour to be, Sir,

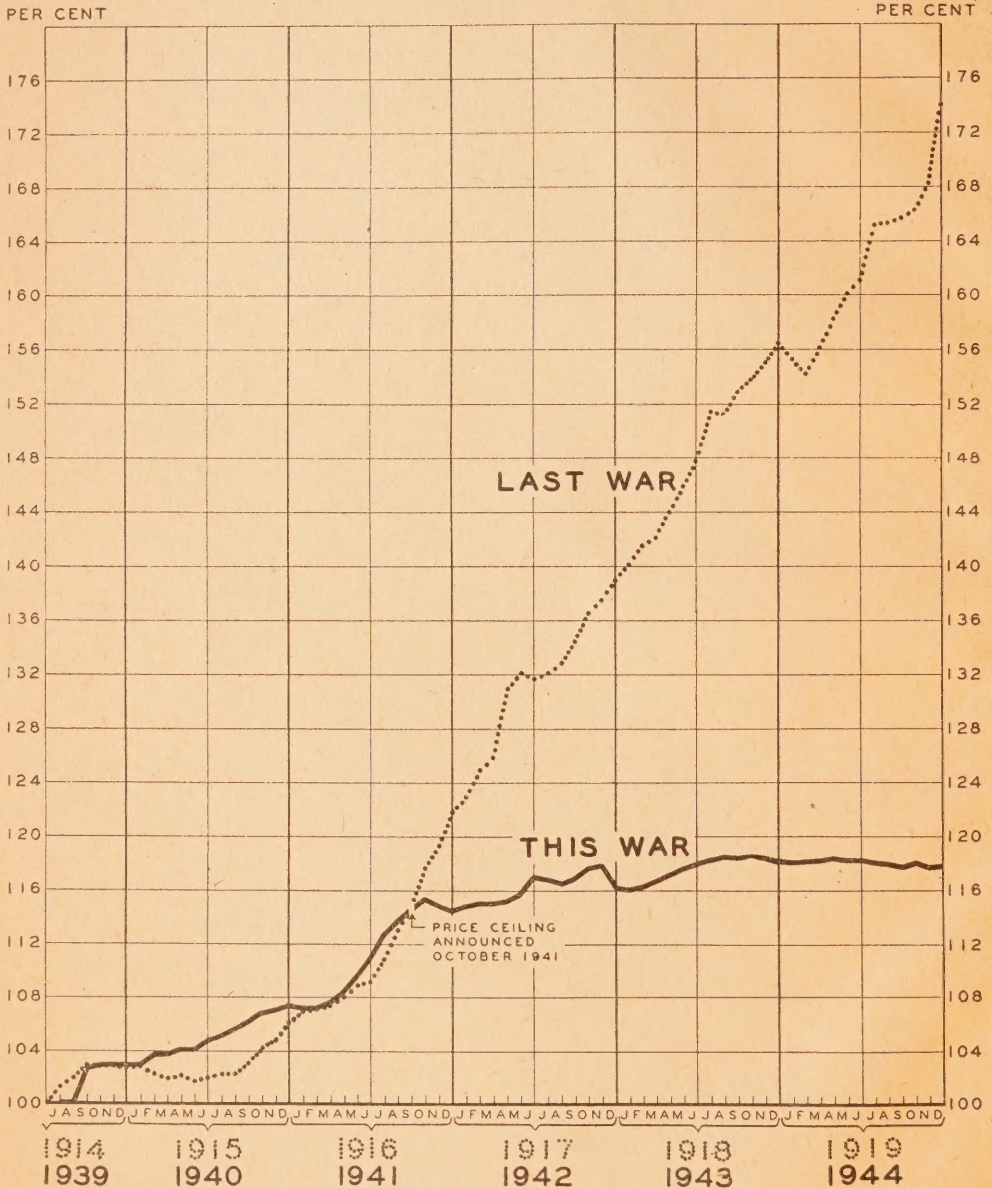
Your obedient servant,

D. GORDON,
Chairman.

OTTAWA, March 12, 1945.

CANADIAN COST OF LIVING IN TWO WARS

LAST PRE-WAR MONTH = 100



I. GENERAL REVIEW

Judged by the record, Canada's anti-inflation policy was remarkably successful during 1944. The price ceiling and the controls designed to assure adequate supplies of essentials for civilians, together with fiscal measures and manpower and wage controls, contributed to a state of economic affairs on the home front which exceeded reasonable expectations. The official index of the cost of living ceased rising during the year and was in fact a shade lower at the close of 1944 than at its beginning. Wholesale prices, which had risen considerably in 1943, were practically stable during the past year. Supplies for civilians were somewhat larger than in 1943 and, while some essentials and conventional necessities were not always available in the particular store or in the precise form demanded, few, if any, Canadians suffered hardship owing to lack of essential supplies.

By comparison with the last war or with the experience of other countries in this war, Canada's record is distinctly favourable. The increase in the cost of living index of 18 per cent during this war compares with a rise of 74 per cent in 1914-19. Despite the fact that the war effort in this conflict is absorbing between 40 per cent and 50 per cent of the national energies as against less than 20 per cent in the first world war, civilian supplies have been sufficient to provide a better standard of living, much more widely distributed, for the people of Canada. Few other countries have had a similar degree of success in keeping inflation in check during this war and none has been more successful. Few countries, apart from the United States which is similarly favoured by geography, have faced less hardship on the home front.

Yet, despite this encouraging record, a critical examination of the developments of the past year raises serious questions as to the outlook. The recent condition of comparative stability, which was in part the result of good fortune, as, for example, the excellent crop weather, could readily develop into a state of rising prices and maldistribution. Throughout 1944, rising costs continued to press against the ceiling and purchasing power continued to outrun supplies. Though there was some improvement in civilian

supply during 1944, the prospect changed for the worse as the year drew to a close. Moreover, the past year provided some indication of the sort of problems and reactions with which the Board will have to deal when Germany is defeated, and these gave a new emphasis to the difficulties that lie ahead. All in all, the present year promises at least as many difficulties for price and supply control as any previous year.

A. CONTINUED PRESSURES ON THE PRICE CEILING

Rising costs have produced the most difficult problems of price control from the beginning of the price ceiling. The reason lies in the very purpose of the war program, which is to divert the largest feasible proportion of materials, plant and manpower to war activities. In the process civilian activities are restricted, and civilian industry inevitably takes second choice of the available manpower, materials and machinery. Less efficient workers are hired, inexperienced workers have to be trained, substitute materials which are often less satisfactory have to be used, bottlenecks in supplies develop and deliveries become less reliable, and machinery has to be made to do. As new workers gain experience they frequently seek employment in higher-paid war industries and labour turnover rises abnormally. Labour costs therefore tend to rise even if wage rates do not increase, as, in fact, they have to a considerable degree. This tendency is often fortified by the efforts of employers to keep their staffs through more frequent promotions and upgrading. Working in the opposite direction—toward lower costs—are the high volume of production induced by war orders and by the ready civilian market, the rapid turnover of output, and reduced selling expenses. These latter factors have provided the leeway which has generally made it feasible to maintain ceiling prices in face of admitted increases in labour and, in some cases, material costs.

During the past year war demands for manpower levelled off with the result that there was some abatement in the upward trend of labour costs. But at the same time, the influences which had formerly worked to reduce costs were much less operative. The total output of

the country was for practical purposes running at its peak, and the additional economies to be gained through increased volume and more rapid turnover were comparatively small or lacking. The result was that the overall pressure of rising costs remained the foremost problem of price control.

Meanwhile, the public's buying power continued much in excess of available supplies of goods and services, providing a favourable background for price inflation. Though most of this excess spending power was absorbed by savings, through Victory Loans in particular, spending increased and current production did not always keep pace, with the result that inventories in a number of lines were further curtailed. Retail sales, which on volume basis had been almost stable in 1942 and 1943, rose by about 6 per cent in 1944—the most notable increases occurring in sales of hardware, furniture and apparel. In part, of course, this reflected the gradual accumulation of deferred needs, as in the case of hardware, but it also probably reflected a wider disposition to spend since appreciable increases occurred in a number of lines where deferred needs are not of great significance.

It is true that there was a modest improvement in civilian production during 1944. Food supplies were more plentiful because of the good weather and unusual production efforts. Building supplies, hardware and household appliances, though still much restricted, were produced in somewhat larger volume because the reduction of certain war contracts made some labour and metals available for civilian use. But this improvement, which became noticeable last summer, has recently ceased. New war contracts for munitions and metals have halted and in some cases reversed the expansion in the output of civilian metal articles. Indeed, should war demands continue for long at their present level, production of civilian metal goods will be further restricted. With regard to food, the requirements of our Allies remain at the extraordinary levels of 1944 and relief needs have also entered the picture. At the same time, Canada's ability to deal with these requirements and to maintain the present high level of domestic food consumption is limited by the shortage of manpower, as well as

being subject to the usual risks of weather which in recent years has been so favourable. Moreover, there is a tendency for agricultural production in the Prairie Provinces to shift toward wheat at the expense of feed grains and hogs, the demand for which continues at very high levels. In the sphere of textiles, supplies have been restricted by the shortage of experienced workers and by the inability of the United States and the United Kingdom to make good in full Canadian deficiencies. Thus, there is no immediate prospect of any widespread improvement in civilian supply: in some directions the outlook is for further restriction. Nor should any sudden improvement be expected in food and textile supplies with victory in Europe, since requirements for both war and relief purposes will remain large and European production will take time to recover.

In addition to the stresses and strains which were unavoidable in a country entering its sixth year of war, the past year provided a foretaste of the reactions and problems which may be expected when reconversion actually begins. The favourable war news and the gradual contraction in war production last summer and fall focussed attention on reconversion and led to a natural but premature relaxation in the active public and business support which had sustained the stabilization program. Spending continued to increase, there was more evidence of illegal transactions, and there was somewhat less disposition to accept necessary controls with patience and co-operation. A number of producers, looking towards reconversion, requested increased prices on the grounds that declining war contracts, either were tending to increase their costs, or would do so in future. The continued success of the stabilization program appeared to be assumed too readily, despite the many signs of strain and despite the experience of this country, and the United States and Great Britain, following the termination of hostilities in the last war. At that time, prices and living costs, after a brief pause in their upward course at the end of the war, soared upwards for more than a year and then plunged downwards aggravating the problems of transition, adding to unemployment and drastically reducing farm income. (Price changes during and after the last war are charted in Appendix L.)

B. RECONVERSION PROBLEMS AND POLICIES

Though there are a number of differences between present conditions and those of the last war, there is no reason to assume that the danger of rising prices will cease with defeat of Germany. In some ways, indeed, the upward pressures on the price level are likely to be greater than after the last war. For example, the store of accumulated buying power is much larger and, while this can be a great aid in sustaining production and employment during the transition, it could equally be wasted in a needless inflation if the will to support the necessary controls were lacking. Furthermore, prices in Canada are lower relative to other countries than was the case toward the close of the last world conflict and, while this fact also can aid reconversion, it could lead to sudden price increases which would aggravate inflationary tendencies. With such considerations in mind, and with a view to assisting businessmen in planning their postwar operations, the Board announced the approach and procedure which, under the Government's stabilization policy, would determine its actions with regard to price and supply controls as the economy moved toward reconversion.*

With regard to price control, it was emphasized that so long as the danger of sharply rising prices remained, the Board would continue to adhere to the basic period principle—to maintain so far as was practicable the ceiling prices established in the fall of 1941 both for current production and for resumed production of goods which had been restricted or prohibited as a result of wartime conditions. Pricing procedures were developed and clarified particularly with a view to establishing prices for new goods at levels appropriate to the basic period (see page 11). The Board rejected the possibility of shifting to a system of "cost-plus" pricing on the grounds that to recognize cost increases as justification for price advances would inevitably lead to a serious rise in prices or to a heavy increase in the already substantial subsidy bill. Every price

increase raises costs for some producer or worker and, if the "cost-plus" approach were accepted, price increases would have to be extended over an ever-widening area. Quite apart from the enormous administrative burden which "cost-plus" would involve, it would seriously reduce the incentive toward efficient operation and would place the Board in the position of determining fair profits in each branch of Canadian trade and industry.

It is recognized that the cancellation of war contracts and the consequent loss in volume will have the immediate effect of raising unit costs in a number of industries. But it is also a fact that the reduction and cancellation of war contracts will reduce costs in other ways just as increasing war demands have raised costs to date. *Real* labour costs may be expected to decline, as more skilled and proficient workers from the armed forces and war industry return to their civilian occupations, as turnover and absenteeism decrease, and as overtime work becomes unnecessary. Costs of some materials, inflated by the necessity of using substitutes or by war risk insurance on shipping, should also decline, and bottlenecks and delayed deliveries of supplies will be overcome. In addition, it is reasonable to expect some reductions in the costs of management, as business gets the opportunity to re-examine its operations and purchasing in the less urgent atmosphere of peace.

In announcing its intention to adhere to basic period prices for reconversion purposes, the Board was mindful of the general problems of transition to a peacetime economy, and of the paramount necessity of maintaining the highest feasible level of employment. To keep up employment in the postwar, the volume of production and sales of civilian goods must be greatly enlarged. To assure a large and continuing volume of civilian production in turn means that prices must be kept at reasonable levels. This is particularly true in a country like Canada which depends heavily on export trade, both directly and indirectly in the sense that the buying power of her domestic market is closely related to the export demands for farm products and for the products of the other extractive industries. To attain a sufficient volume of exports, prices must be competitive. To enlarge the domestic market, for durable

*Outlined in speeches by the Chairman of the Wartime Prices and Trade Board: to the Canadian Club of Toronto on September 11, 1944, to the Canadian Congress of Labour at Quebec City on October 19, 1944, and to the Trades and Labour Congress at Toronto on October 25, 1944. Copies can be obtained by applying to the Information Branch of the Wartime Prices and Trade Board, Ottawa.

goods in particular, prices must not get seriously out of proportion to the incomes of farmers and other producers whose returns depend so heavily on external demand.

Nevertheless, while the Board will make every reasonable effort to adhere to the price ceiling principle, it should be recognized that there are limits to what can and should be done in holding prices down. The Board, for example, cannot ignore major changes in the cost structure which are likely to be of a lasting character. Nor can it properly recommend to the Government payment of mounting subsidies to offset such cost increases: to do so would be to produce an artificially low price level at the expense of the taxpayer and to complicate seriously the problems of decontrol. Subsidies have been and are being paid to offset the higher cost of certain imported materials, and to a lesser degree to offset higher domestic costs which are mainly traceable to the shortage of labour. As a means of meeting undue wartime increases in costs and of breaking the cumulative pressure of such cost increases on the price and wage structure at key points, the subsidy method has been indispensable. But it was never designed to insulate the price level from widespread and lasting increases in costs. For this and other reasons, the Board has never accepted the principle of paying subsidies to compensate producers for *wage rate* increases, though it has authorized a number of subsidies to offset in part the effect of higher wage costs resulting from other factors than increased rates, such as the use of less efficient help. Such factors as the level of wage rates and the cost of imports must be constantly watched in administering price control, particularly as reconversion approaches. While it is probable that many of the cost increases which have necessitated existing subsidies will prove to be temporary, as the acute shortage of manpower is overcome and as shipping and imported supplies become more freely available, it would be shortsighted and dangerous to add greatly to subsidy payments in the months to come. The Board's objective is to remove price control at the earliest feasible moment consistent with preventing a war-generated inflation. In doing so it must look towards the gradual reduction and removal of subsidy payments.

In the sphere of supply the Board announced that it would remove just as promptly as feasible all orders prohibiting or restricting the production of finished civilian articles, with a view to assisting producers to plan for the reconversion period and permitting them to resume production as soon as materials and labour are available. Restrictive orders of this type, which were imposed in the almost desperate circumstances of 1942, had frequently become redundant with the development of more direct controls over the use of materials and labour (*see* page 15, and page 37). Thus in the latter part of the year, the Board removed a variety of such restrictive orders, particularly in the sphere of metal goods, though in line with United States policy it did retain restrictions over a number of the most important items. The removal of these controls did not assure increased civilian production. That depended on the availability of labour and materials and on the controls exercised over them by National Selective Service, by the Wartime Industries Control Board, and by this Board. Actually, there was some small increase in the production of civilian metal items in the latter part of the year, because metal supplies were less stringent and because some labour was available. At the turn of the year, however, this tendency was sharply checked, and in some cases reversed, by the tightening in fabricated metal supplies.

C. BOARD POLICY AND RESPONSIBILITY FOR CIVILIAN SUPPLY

One of the major objections to specific restrictions on the production of finished goods is their purely negative character. The Board's responsibility is a positive one—to take all feasible steps to assure a sufficient supply of goods to meet the *essential* needs of the civilian population. It is not the Board's responsibility to say what shall not be produced unless it is clear that the production of non-essentials is preventing the output of a sufficient supply of essentials. With the existing structure of controls over materials and labour, this need seldom be the case. Thus the bulk of the Board's work in the sphere of supply takes the form of actions designed to facilitate needed production, through the allocation of materials, through the procurement of materials from abroad, through appli-

cation to National Selective Service for labour assistance and, in a number of cases, through specific direction of production. Production directives have been most used in the sphere of textiles. They consist of directives to individual manufacturers to produce a specific amount of the article concerned on the understanding that the necessary materials will be made available and that, if required, assistance in obtaining labour will be requested from National Selective Service. Such directives were considerably extended in 1944 and are being further extended at the present time. They are the most direct and effective way of assuring needed production and while they do not prohibit the manufacture of less essential products their effect is to restrict such production by leaving less materials and labour available for "free" use.

The Board's responsibilities for civilian supply have never been defined in detail, and it is probably impossible to do so. But because there is no precise definition of responsibility, there is often a tendency to assume that the Board is responsible for civilian supply in all its manifold aspects and particulars. This is not the case. The Board's responsibility is limited to assuring sufficient supplies to provide for the *essential needs* of the civilian population. It is true that these essential needs cannot be expressed in exact amounts, because there are a variety of ways in which they can be met—e.g., people can do with less pork if there is sufficient beef and they can get along with fewer rayon stockings if cotton stockings are available—and because the amount of production required depends in part on the way in which it is distributed—e.g., if a strict rationing scheme is in force less production might be required than if the product concerned were freely distributed. But, though the border line of the Board's responsibility cannot be clearly defined, it does not extend to seeing that people get exactly what they want or all they want. The Board has no mandate to plan all civilian production, or to devise schemes for apportioning supplies which are not genuinely needed.

In the sphere of supply, as in that of price, the Board recognizes that it cannot achieve complete equity and satisfaction amongst the civilian population. Its decisions must be a blend of the desirable

and the practicable. It cannot put a new control into operation on the sole ground that its direct effect would be desirable. It must weigh the expense and the use of scarce manpower needed to administer the control against its probable benefits. The Board must also consider the probable duration of the problem concerned, and if it is not likely to last for long it may be better to put up with the difficulty. It must bear in mind the impact of its actions on reconversion to peace, so long as such considerations do not conflict with urgent wartime needs. It must act within the intentions of its mandate, which were to protect the civilian population against wartime inflation and suffering, but were not to interfere with the operation of the economic structure more than might be necessary to achieve these ends.

In addition, the Board must not go beyond the capacity of its organization. It requires skilled staff of a type which has been, and is, extremely scarce and it has been losing such staff during the past year. Whatever success the Board has had is in no small measure the result of obtaining personnel experienced in the great variety of trades and industries which comprise the civilian economic structure, and the loss of such personnel, though to some extent unavoidable, produces serious difficulties (*see* Chapter XVI). Finally, and of greatest importance, the Board must always obtain the co-operation of the public. Regulations, however desirable they may appear in theory, are worse than useless if they are not widely observed and accepted. Enforcement there must be, to deal with the small number of unscrupulous law breakers and to check the careless and the foolish. But enforcement designed to compel observance by a hostile public is neither feasible nor can it have any part in a democratic society.

The Board's work is not completed. Rising prices still threaten and supply problems promise to continue for some time. In many ways the period ahead may be more difficult than that which has passed, if only because the approach of victory brings forward differing views and conflicts of interest which have been put aside in the emergency. The Board will make every effort to finish its job—to help to achieve what has never been

achieved before and is in the interests of every group in the community, *i.e.*, to get through the war and its immediate aftermath without a major inflation. Though perfection cannot be attained and difficulties and problems will abound,

it is quite feasible to achieve this general objective. To do so, the prime requirement is a continuance of the high degree of public support which the anti-inflation program has thus far received.

II. PRICE POLICY AND PROCEDURE

During the period under review there has been no change in fundamental price policy. The basic period principle still stands as the governing principle. This principle, whether applied through individual maximum retail prices established by sales in the basic period or through the application of standard maximum prices at the manufacturing or wholesale level with controlled markups, does not provide identical ceiling prices at retail throughout a city or region, except in a few significant cases, such as meat, where the Board has found it necessary to go a step further and fix uniform retail prices. Though consumers frequently ask for a statement of ceiling prices for particular commodities in their town or city, the Board has not generally attempted to eliminate price differences between one store and another. A major reason for maintaining such price differences is that in actual practice uniform prices could only be achieved by adjusting the lower prices upwards and thus causing an increase in average prices to the detriment of the consumer. There were good reasons of a competitive nature why the price of a particular article varied from one store to another prior to the ceiling, and the Board has not considered it necessary to attempt to produce an arbitrary uniformity in the price structure, particularly since the result would be to raise the average level of prices.

The price level during 1944 was practically stabilized. The present level of the cost of living index is of particular interest when viewed in relation to its level on October 1, 1943, the date on which the last adjustment in the cost-of-living bonus was based and following which existing cost-of-living bonuses were incorporated into basic wage rates and the cost-of-living bonus system was terminated. While apprehension was expressed at that time that the cost of living would continue to rise, the index at 117.7 now stands 0.8 below the level prevailing at the last bonus date.

A. PRICE POLICY AND PROBLEMS

Though prices have been fairly steady, rising costs have continued to exert strong pressure on the price ceiling, as noted in the preceding chapter. Faced with this persistent problem, the Board has continued to review and rule upon applications by manufacturers, importers and distributors for relief from excessive squeeze under established ceilings. Because of the many and varied factors involved in particular cases, it has never been practicable to lay down precise rules as to the cases in which relief may be granted or as to the nature of the relief in a particular case, though certain general principles have always been taken into consideration. As a rule, the Board looks at the overall position of the applicant in order to determine if financial need exists and not at the profit on a particular line or department.

The determination of the point at which relief may be given is not susceptible of precise definition and must depend upon the circumstances of the individual case. Increased costs in themselves do not justify granting relief. The mere fact that an applicant is not earning standard profits does not necessarily mean that relief should be granted. If the price ceiling is to be maintained, price adjustments can only be authorized when an applicant can demonstrate real financial need on an overall basis. In reaching a decision the Board considers not merely the current position of the applicant but such clearly important matters as the future prospects for sales volume and costs, the nature of the business and its strength and financial resources.

The Board has continued to authorize the payment of subsidies in certain cases where financial need is established. In other instances, limited price adjustments have been permitted where such adjustments could be absorbed without significantly affecting the cost of living, or where the increase was of trifling significance to living costs. Where subsidy has

been authorized, the purpose is to meet specified cost increases, or to offset higher operating costs, only to the extent required to ensure necessary production from the firm or industry concerned. Subsidies are not intended to assure profits at the pre-war or pre-ceiling level and rates of subsidy are determined with a view to providing the minimum necessary relief. The principle of limiting subsidies* has been applied widely and is designed to ensure that fortuitous or special circumstances do not permit subsidy payments to raise profits above "standard profits" or whatever defined level is reasonable in the circumstances. As a further means of limiting subsidies to the greatest possible extent, the Board is continually reviewing existing subsidy arrangements to determine whether current circumstances and prospects permit a scaling-down or removal of the payments under review.

Quite distinct from the problems of the Board in administering the price ceiling on established or so-called "standard" goods, there is an increasing volume of new or dissimilar goods for which ceilings must be established in line with the basic period principle. The numbers of such price fixations have increased recently for the following reasons. In the first place, more than three years have elapsed since the basic period and during that time, there has naturally been a variety of changes in design and technique. Secondly, there has been a large number of new entrants into business, most of them small enterprises, but all of which have no basic period prices and require price fixations. Finally, the relaxation of a number of restrictions on the manufacture of specified goods and the removal of the ban against a variety of imports from dollar countries (originally imposed for exchange reasons) has added further to the volume of work in pricing new or dissimilar goods.

The basis upon which maximum prices for such goods are fixed is one of appraisal by an expert or experts with the definite purpose of arriving at a price appropriate to the basic period price level for comparable or related goods. Where practicable, actual samples are inspected by an administrator or by a committee made up of experts in the field. Where samples

cannot be obtained, this appraisal is based upon detailed descriptions or specifications. In some instances, notably certain imported goods, surveys have been made to estimate or appraise the extent of the price increase in the country of origin since the Canadian basic period in order to arrive at prices which properly discount or eliminate such price increases. Thus, current laid down costs of imports do not serve as a basis for determining maximum prices. Similarly, current costs of domestic goods are not the basis for determining ceilings for such goods. In some cases where direct appraisal by comparison with standard goods is difficult, reference may be made as a guide in appraisal to estimated production costs at basic period rates. The initial appraisal may be made of the *retail* price, as in the case of toys, or of the *manufacturer's selling* price. In the latter case, maximum prices at other levels of sale will be determined through the application of restricted markups over cost, with the final objective of providing an appropriate retail price.

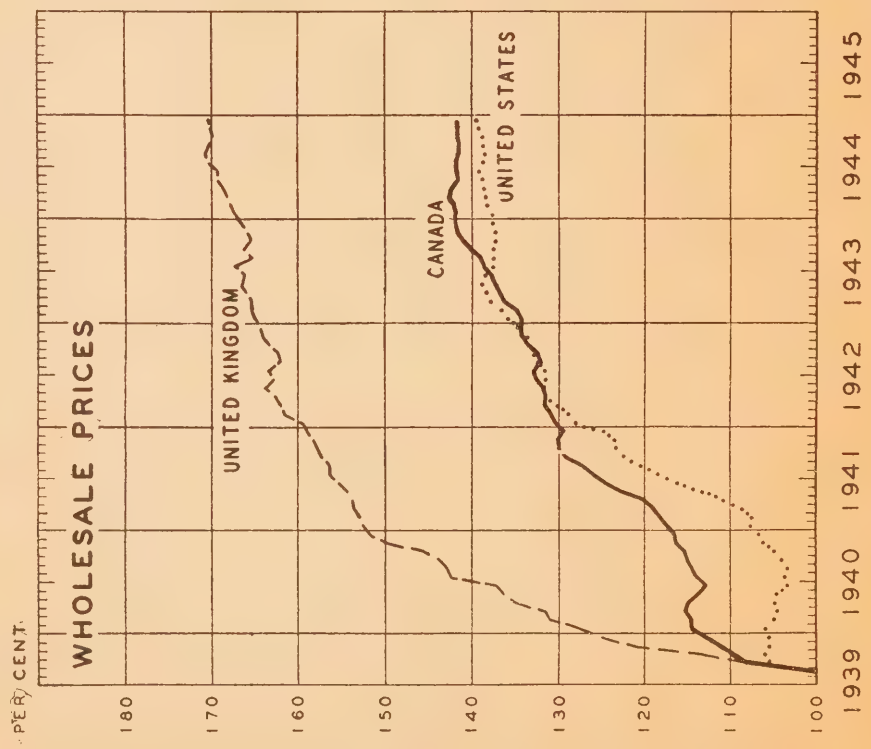
Particularly difficult problems have arisen in certain instances. For example, some imported consumer goods now available to Canada have increased in price to such an extent that importation at a profit is impossible, either for all importers, or for all but direct importing retailers. Since essential imported consumer items are generally eligible for import subsidy, which offsets price increases in the country of origin, necessary supplies are not being excluded, and, accordingly, no deviation from the basic period principle has been made. It is true that some inequities may result as between various importers and distributors, but to relax the price ceiling principle for imports while maintaining it for other goods would raise broader questions of equity and would add further to the difficulty of maintaining price control. Another difficult situation has been encountered in the case of new entrants into business. As indicated elsewhere in the report, the Board cannot, except in rare cases, ensure supplies of materials for new businesses although permits to manufacture are generally freely granted. The result is that new manufacturing concerns tend to purchase materials, which they are unable to obtain through the usual channels, at more advanced stages of the distributive process and therefore at

*See Report of the Wartime Prices and Trade Board, September 3, 1939, to March 31, 1943, Chapter IV and Report of the Wartime Prices and Trade Board, April 1, 1943 to December 31, 1943, page 7.

WHOLESALE PRICES AND COST OF LIVING IN THIS WAR

CANADA, THE UNITED STATES AND THE UNITED KINGDOM

AUG. 1939=100



relatively high prices in relation to established competitors. Furthermore, many new entrants do not have adequate equipment and are inexperienced in production. The result frequently is that their costs of production are out of line with the maximum price which the Board can establish for new entrants, whose goods must be priced at levels prevailing for established manufacturers. The Board encourages full consultation with its administrators and other officials on these matters but it is not prepared to authorize prices in excess of established ceilings in such cases.

The problem of higher price levels in foreign countries referred to above has other implications, which are receiving continuous study. There is not only the possibility that desirable imports may be excluded but there is also the problem of keeping disbursements for import subsidies at the lowest feasible figure. In the case of exports, higher prices make foreign markets in some cases more attractive than domestic markets. The resulting drain on merchandise could be serious for goods in short supply. The existence of the alternative market where a higher return is obtainable also constitutes a threat to the domestic ceiling and for this reason, as well as to protect supply, certain export permit controls have been retained in effect.

The Board has also set price ceilings for surplus merchandise released to the civilian market by the War Assets Corporation. Where maximum prices have not previously been established, the usual principles of pricing dissimilar goods are applied generally with the War Assets Corporation as applicant. In order to simplify the procedure, applications are being filed with the Administrator of Distributive Trades, who appraises the merchandise, or, in certain cases where particular technical problems in fixing maximum prices are involved, refers the application to the appropriate commodity administrator.

B. DEVELOPMENT OF PRICING PROCEDURE

Two new orders which became effective on October 2, 1944, set out the procedures under which maximum prices for new goods and new services are determined. Board Order No. 414 is the latest of a developing series of orders relating to maximum prices for goods and Board Order No. 435 formalizes for the first time

similar procedures relating to services. These orders also include methods of establishing maximum prices for new entrants and new owners in business and for making application for adjusting any established maximum prices.

The issuance of these orders did not represent any departure from the basic period principle of pricing. Experience gained over the past three years in meeting price problems, and the growth in number and complexity of the cases already described, made it desirable to amend and standardize the procedures.

Under Board Order No. 414, a number of improvements were made in the existing machinery for establishing maximum prices for commodities. In the interest of speeding up the handling of applications, responsibility for fixing maximum prices has been decentralized to a considerable degree within the Board, with the added objective of having prices fixed by those officers most closely in touch with the applicant and his business. The new order also eliminated at the manufacturing level and, to a considerable extent, at the wholesale level, the former system under which it was permissible for the producer or distributor without prior approval of the administrator to price "similar" goods (i.e. goods similar to those on which approved prices had already been obtained). The present system provides a greater degree of control by requiring that prior approval for price fixations on all goods which do not have established maximum prices must be obtained from the administrator. Whenever such new goods are essentially similar to goods on which a maximum price has been established the form of application is relatively simple and the amount of detailed information required is limited.

The order also has clarified and made specific the procedures for establishing maximum prices on so-called "production goods" with the result that all goods are now covered by Board Order No. 414 whereas only consumer goods were covered under the order which it replaced.

Board Order No. 435 closely parallels Board Order No. 414. The major part of this order, however, relates to new entrants into service businesses or to changes in ownership or business name. There are relatively few new services offered by established businesses but the recent relaxations in the restrictions affecting new entrants into business have per-

mitted a substantial number of new entrants for whom ceiling prices had to be established.

C. PRICE-QUALITY CONTROL

The maintenance of quality and serviceability in relation to price is a necessary part of a fully effective system of price ceiling control. To a substantial degree, this function is performed by the pricing procedure of the Board which takes price-quality relationships into account in pricing new and modified goods. Nevertheless, because of the volume of new and modified goods—in clothing, for example, each new run often differs to some extent from the one before—and because of the difficulties of enforcement where so many articles and such a multiplicity of transactions are involved, a Standards Division was set up at the beginning of 1943 to work specifically on the problem of quality control.

The job of quality control is both large and complex, and for this reason the Board has had to concentrate its limited facilities in the fields where the need appeared to be greatest. Moreover, some change in quality has been unavoidable owing to the shortage of certain materials—an example in point was the substitution of reclaimed for natural rubber in the manufacture of children's play shoes—while the need to conserve materials and industrial facilities has also led to the elimination of "frills" in production and distribution. The main field with which the Board has been concerned is that of apparel. One of the most important needs was to provide a means of identifying particular items of apparel through all stages of distribution. If compliance were to be assured, it was necessary to be able to trace the article questioned at the retail level back to its manufacturer and

his price authorization. For this reason, the program of identification labelling and price tagging, which was commenced in 1943, was widely extended during the past year so that the majority of articles of clothing and footwear are now included. The regulations in general require the attachment of a label giving the manufacturer's name, licence number or registered trade mark, and the style number provided by the administrator concerned in pricing the article. Retailers and wholesalers are required to retain this label on the garment or, if they substitute their own label, to transfer to it the required information contained on the manufacturer's label. In addition, all retailers are required to attach a price tag to such goods giving the selling price. In this way, it is now possible to check back from the retail store through the wholesaler to the manufacturer, thus providing a more effective means of obtaining compliance with pricing regulations and of assuring maintenance of quality.

The Standards Division and its staff of inspectors have recently been engaged mainly in investigations at the factory level with a view to seeing that manufacturers are maintaining the quality, with respect to materials and workmanship, of articles on which prices have been set by administrators as well as of articles on which individual basic period prices still apply. Consumer complaints often lead to investigation of an entire field beginning with the manufacturing plants and extending through to selected retailers. Another important source of information on possible infractions is through the retailers. Apparel fields where investigations have been undertaken recently include dresses, lingerie, children's wear, men's and boys' clothing, footwear, knit goods and work clothing.

III. SUPPLY

This chapter outlines the main forces affecting civilian supplies during the period under review and describes the general methods of the Board in dealing with supply problems. Subsequent chapters (V to XI) discuss the conditions of supply and the Board's activities in particular commodity fields as well as price problems in each main group.

A. GENERAL CONDITIONS

The volume of goods and services available for civilians during the year was on balance slightly larger than in the previous year, but there were shortages in many sections of the civilian economy. Shortages were intensified by the continued growth of consumer spending, which in many instances more than offset the effect

of increased production. Scarcity of suitable skilled and able-bodied workers was a major restrictive factor in most industries, although there was some increase in the overall supply of labour for civilian production. There were a number of changes in particular war programs, resulting in variations in the types and quantities of materials, plant facilities and labour that could be used in the civilian economy. Agricultural production exceeded the previous year's level and permitted substantially increased exports to our Allies. While imports of certain foods increased, there was difficulty in securing adequate imports of textiles. Procurement of supplies for the United Nations Relief and Rehabilitation Administration and military relief began during the year, but has not yet become a major drain on civilian supplies.

Changing Nature of War Requirements.—To a large extent war requirements determined the nature and quantity of civilian supplies. In 1944, war production as a whole ceased to expand, but continued close to its peak level, total physical volume for the year being almost equal to the record high of 1943. While there was thus no further contraction in the civilian economy, there was no substantial reconversion from war to civilian production. There were, however, a number of abrupt changes in particular war programs, as a result of battle experience and the changing military situation, which did have notable repercussions on civilian activities. For example, the production of ammunition was curtailed late in 1943, increased sharply in the summer of 1944, and stepped up still further at the end of the year. Cutbacks took place during the year in the production of cargo ships, small arms and other items, but increases occurred in the output of such items as mechanical transport, instruments, signals equipment and tires. Such fluctuations in various war programs meant corresponding changes in the types of plant facilities, raw materials and labour remaining for civilian production. In the first half of the year, for example, the civilian supply of textiles and footwear increased as a result of reduced military requirements. The supply of tinplate and blackplate for containers increased early in the year, decreased in the summer and increased again in the fall, with consequent variation in the pressure on paperboard and glass containers. In some instances tem-

porary surpluses of materials or facilities made it possible to produce articles previously off the market, such as some hardware items. In other cases, the stepping up of a war program made it impossible to complete the previously anticipated production of household appliances.

Labour the Basic Problem.—Labour shortages were the chief impediment to increased civilian production. Shortages of labour limited production in all industries, either directly or through their effect on the supply of processed materials. For example, the supply of textile yarns and fabrics, and the output of malleable castings, were restricted through shortages of suitable labour. The restricted supply of newsprint, fine paper and paperboard was largely traceable to shortages of labour for pulpwood cutting in previous seasons.

While the overall supply of labour available to the civilian economy was somewhat greater than in the previous year, the movement of skilled labour to war plants and of strong male labour to the armed forces resulted in serious shortages of *suitable* labour in many civilian industries. Moreover, the frequency of unpredictable changes in military requirements placed an added strain on the machinery of manpower allocation, and labour momentarily not engaged on war production could not always be allocated to the most urgently required civilian production as readily as might have been possible under more stable conditions.

Demand for Civilian Goods Increased.—Though the supply of civilian goods was still restricted, consumer spending increased as a result of increased purchasing power, of accumulating deferred needs, and of the widespread impression last summer and fall that the war was almost over. The physical volume of retail sales which had been falling slightly from 1941 to 1943 increased materially in 1944 to a level somewhat higher than in 1941. This increased consumer demand resulted in a further depletion of inventories of some goods and led to shortages even in some cases where production had been increased over the 1943 level.

Changes in Civilian Type Imports and Exports.—In addition to the domestic factors described above, civilian supplies in Canada were influenced by changes in the nature and quantity of imports and exports. While the total of imports (consisting largely of war materials from the

United States) remained at about the same level as in the previous year, there were significant changes in some of the items affecting the civilian economy. For example, a somewhat increased supply of farm implements was obtained from the United States. Easier shipping conditions were reflected in slightly increased imports of tea, coffee, cocoa and other foods. Effective August 1, 1944, Schedule 1 of the War Exchange Conservation Act was revoked, under which the import of a large number of articles from non-sterling areas had been prohibited. Partly as a result of this relaxation, there was some increase in the importation of personal and household articles, though the importation of many such goods remained strictly limited or was still prevented by continued shortages in the United States and, in some cases was also restricted by the application of the price ceiling (*see* page 36). There were serious difficulties in obtaining adequate imports of textiles; import controls were continued for cotton goods in order to ensure the best use of Canada's limited allocation from the United States. Shortages of labour and facilities in the United Kingdom and the United States, combined with increased shipments from these countries to theatres of war and liberated areas, limited the supplies of textiles allocated to Canada.

Exports of civilian type articles in 1944 were influenced by changing shipping conditions, high agricultural output, and the requirements of newly liberated areas, in addition to previous commitments. Greatly enlarged exports of foodstuffs to Britain and Allied countries were made possible by increased production and did not seriously infringe on domestic consumption during the year, except in the case of dairy products. Exports of lumber were increased above the high levels of 1943. Shipments of pulpwood, pulp and newsprint were maintained at high levels and a small quantity of newsprint was allocated to newly liberated areas in Europe. Farm implements and other machinery were exported in substantially increased quantities. Mutual Aid shipments of underwear, battledress, blankets, etc., to the United Kingdom were higher than in the previous year but consisted in part of articles manufactured in 1943. Procurement of relief supplies began during the year but shipments of these were still small in relation to total exports.

Net Effect on Canadian Civilian Supply.—The greatest improvement in civilian supply was in agricultural production which was substantially larger than in 1943. Though hog marketings have been declining in recent months, the total for 1944 was notably larger than in 1943. Cattle marketings, egg production, and the crops of fruits and vegetables all showed significant increases, thus greatly facilitating price control and distribution. Milk production was slightly above the 1943 level, but its increased use as fluid milk and for cheese accentuated the relative shortage of butter.

Various textile articles for civilian purposes were in short supply since increased demand, decreasing labour efficiency and the difficulty of procuring adequate supplies from abroad more than offset the beneficial effect of the overall increase in the civilian labour force resulting from military cutbacks. Employment in the production of processed foods and some other non-durable lines increased, but was barely sufficient to meet the manpower needs of packing houses, canneries, flour mills, etc., resulting from the record marketings of farm products. Shortages of labour held up the production of household appliances and other metal articles as well as of building materials, and serious shortages of many such articles continued during the year.

B. ACTIVITIES OF THE BOARD

The Board's activities during the year reflected these general conditions. In view of the continued and, in some cases intensified shortages of civilian goods, the Board had to take active measures to see that an adequate supply of essentials was produced. The production of certain articles of clothing was directed, a few household appliances were "programed" and specific measures were continued to assure the largest feasible output of farm implements consistent with war needs. Scarce materials were allocated between different manufacturers and different uses to ensure sufficient supplies for essential production.

The Board kept the Wartime Industries Control Board informed as to certain types of civilian requirements for particular metals in short supply and, through the Interdepartmental Labour Priorities Committee, advised National Selective Service regarding labour requirements of civilian industry, requesting assistance when it was urgently needed to sustain

essential output. In addition the Board advised manufacturers and, in conjunction with the Department of Labour, recommended the establishment of a number of subsidized training schools, with a view to improving the use of existing manpower and decreasing labour turnover. The Board also reported on domestic food requirements to the Food Requirements Committee, and kept the Department of Agriculture informed on relevant food problems both through this Committee and directly.

The problem of obtaining necessary materials from abroad remained a very important one and necessitated a variety of complicated negotiations. Such negotiations were usually with the Combined Boards or the appropriate United States or United Kingdom production authorities and covered a wide range of goods, including textiles, hides, foodstuffs, and various metal products, and component parts required for Canadian production of finished articles.*

The policy of directing the production of certain articles of clothing, begun in 1943, was extended during 1944 (*see* pages 29-30). Planned production of particular clothing items was necessitated by shortages resulting from the scarcity of suitable labour, difficulty in obtaining imports, and the high and increasing consumer demand. In directing such production the Board stated the total output required and through the administrator concerned allocated this total between the different manufacturers. Arrangements were also made for priority for materials and frequently for labour, in the latter case through National Selective Service. Production planning of a somewhat less formal type was necessary in certain other spheres, such as household appliances, where production had been small or lacking for some time and deferred needs both for replacements and new households had accumulated. In a few such cases, a limited production was authorized and steps were taken to obtain the materials through the Wartime Industries Control Board, either in the form of an authorized program or on the understanding from that Board that the planned production was not out of line with the existing supply position. Actually, as noted above, increased war requirements did interfere with the fulfilment of such programs.

Measures to allocate scarce materials and supplies were extended during the year, though a variety of restrictions and prohibitions concerning the manufacture of specified articles were revoked. The establishment of quotas and priorities for the distribution of materials was a more effective and flexible type of control than the restriction of non-essential end products, and flexibility was of great importance in a period characterized by frequent changes in the types and quantities of materials that could be used for civilian production. For example, quotas and priorities for manufacturers using paperboard (such as firms making paper containers) were established during the year, based partly on the user's consumption in a base year and partly on the need for his particular kind of production. These quotas were varied in accordance with changes in available supplies, and their development made it possible to do without various restrictions on particular paperboard products and at the same time to assure essential production (*see* pages 33-4). Another example of this type of control was the controlled allocation to users of all types of containers and packing cases, following a shortage of containers early in 1944. Control was extended to all types of containers, since metal, glass, paperboard and wooden containers can be substituted for one another to a high degree. After the outbreak of war in the Pacific, glass and paperboard containers were substituted for metal cans in many uses. During the early part of 1944, however, shortages of paperboard (*see* page 33) and of glass developed, together with some easing in the supply of steel sheet (*see* page 37). The Board therefore permitted a return to the use of metal cans in a few instances, while tightening the control over paperboard containers. By the fall of 1944 the supply of paper and glass containers had improved, and quota restrictions on sales of glass containers were lifted.

As noted above, a number of orders restricting or prohibiting the manufacture of specific articles were revoked during the year. These orders had been issued during the period of extreme urgency just after Pearl Harbour and, at the suggestion of the United States authorities, closely paralleled restrictions in that country. As a measure of co-operation with the United States and at a very critical time, they were necessary, but as time went on

* *See* W.P.T.B. Report Apr.—Dec. 1943, pp. 10-11.

they proved to be an inflexible form of control. Thus, when war production levelled off, they tended to prevent manufacturers from making use of the surpluses of materials and facilities resulting from changes in war programs and uncertainty regarding their duration obstructed planning for reconversion. Their removal did not open the way to diversion of materials from war and essential civilian production because of the direct controls exercised over materials by this Board and by the Wartime Industries Control Board. (For a fuller description of the revocation of such orders *see* page 37).

C. RELAXATION OF CONTROL OVER COMMENCEMENT OF NEW BUSINESSES

In accordance with the policy of revoking or relaxing all restrictive measures as soon as feasible, the controls formerly applicable to the commencement or expansion of business enterprises were very greatly relaxed in May, 1944. This order amended Board Order No. 284 which had continued restrictions first imposed in November, 1942. The effect of Board Order No. 284 had been to prohibit, except under special permit, the commencement of new businesses, changes in the ownership of business, the nature of business or in the kind of goods handled by a business, and increases in floor space. These measures were taken in 1942 because of the critical shortages of manpower, materials and industrial facilities at the time. Also, by restricting the expansion of new business, the distribution of scarce goods to existing businesses could be handled more equitably.

However, by May, 1944, a number of considerations had arisen which made it possible and desirable to relax this control. There was some indication that increased supplies of materials would be released for civilian uses, which would make possible a small expansion of civilian production and of the number of distributive outlets. Where supplies were still short, Board techniques for controlling the distribution of goods in short supply

had been developed to the point where it seemed unlikely that new businesses would be able to procure supplies at the expense of established businesses. At the same time, existing restrictions on new businesses had become particularly difficult to administer, since they placed rigid obstacles in the way of establishing a new business and put the Board in the position either of refusing all applications or of discriminating between one type of new business and another, or between one applicant and another. In these circumstances the Board's decisions would have had a significant bearing on future employment opportunities. Decisions of this kind were becoming particularly difficult in view of the increased number of applications coming forward from ex-servicemen.

With these considerations in mind the new Board Order No. 400 eliminated some of the provisions of Board Order No. 284 and relaxed others. Thus, permits are no longer required for a change in the ownership of an existing business, or for the acquisition of additional floor space. On the other hand, a permit is still required for the commencement of a new business, for changes in the nature of business carried on, and for changes in the kind of goods or services provided by any business. However, reflecting the change in policy, such permits have been granted quite freely under this order, the only occasions for refusal arising where the applicant will require a quota or ration of some commodity under strict distribution control (e.g. sugar) or where production of the article to be manufactured is prohibited under the wartime regulations. Since goods which are in short supply continue to be distributed in accordance with the pattern of distribution in 1941, new enterprises (e.g. retail stores) are not entitled to a share of many scarce items. New entrants into business are advised of this consideration, and of their obligations with respect to the price ceiling, when the permit is issued.

IV. DISTRIBUTION

The pressure of war production and the high level of consumer demand, outlined above, continued during 1944 to produce shortages of consumer goods necessitating special steps by the Board to ensure equita-

ble distribution of supplies to wholesalers, retailers and to the public. In the Board's last report* an outline was given of the alternatives open to the Board in dealing

* W.P.T.B. Report, Apr.-Dec. 1943, pp. 13-18.

with the problems of distribution and of the principles governing their use. The policy of equitable distribution, by which is meant, briefly, the allocation of goods in short supply by manufacturers and wholesalers to customers in proportion to sales in 1941, has worked fairly well in distributing to retailers a wide variety of scarce goods, and consequently in affording consumers a reasonable opportunity of filling their requirements.

A. ATTITUDE TOWARDS RATIONING

It is recognized that, in the case of a sustained shortage of a necessity for which no satisfactory substitute exists, equitable distribution to retailers may not be sufficient and that some more developed and specific form of distributive control may be necessary. Permit rationing may be appropriate for goods which are essential to certain groups or which are purchased infrequently—for example, farm machinery. Coupon rationing on an equal per capita basis is useful where the commodity is in general use and purchased frequently at fairly regular intervals—butter, sugar, etc. Another kind of coupon rationing in the form of group rationing, for preserves or meats, enables consumers to exercise some freedom of choice among a variety of similar commodities.

The general policy has been, however, not to introduce rationing unless it is the only and appropriate solution, because of the additional use of manpower which is required, and because of the administrative burden on the Board's limited staff, on the banks handling the coupon banking plan, and particularly on manufacturers, wholesalers and retailers. The limited and relatively simple range of rationing now in effect involves the services of about 680 persons in the Ration Administration and 6,000 in the voluntary local ration boards, as well as a large volume of time-consuming work on the part of the distributive trades.

In some cases it is possible to avoid the burden of rationing by other devices which improve distribution to consumers. An example of this was the controlled distribution of the 1943 pack of canned vegetables, where an elaboration of the equitable distribution policy assured a supply to certain essential priority users and spread the balance uniformly over the year for the benefit of consumers who obtained their supplies at retail. The 1944 pack of canned vegetables was much

larger and control over distribution is now limited to the equitable distribution policy, supplemented by a simplified system of assuring supplies to priority users.

One of the most troublesome questions of distribution during the year came in the field of apparel. Shortages of women's rayon hosiery developed in the late autumn of 1944 and there was some public demand that it should be rationed. However, the Board did not consider that rationing was the appropriate solution. Production directives introduced in October resulted in a considerably increased supply of hosiery, and as the increased demand was considered to be partly associated with the onset of colder weather and the heavy buying at the Christmas season, it was hoped that the shortage would be only temporary. Genuine discomfort was seldom involved because of the continued availability of a moderate supply of other types of hosiery, even though these were frequently regarded as less desirable by consumers. Reluctance of the Board to ration hosiery further reflected the fact that equal sharing of hosiery supplies by the women of Canada would not result in fair distribution since needs vary considerably as between town and country and between housewives and one kind of worker and another. It also reflected concern that some members of the public might regard such action as an indication that rationing might be later extended to other garments, and that they might, therefore, indulge in unnecessary purchases of essential garments now in sufficient supply, thus depleting stocks to a point where an actual extension of rationing might become unavoidable. The extension of rationing to more than one or two articles of clothing would necessitate a points system far more complicated than anything yet introduced, with controls over raw materials and products at every stage of the manufacturing and distributive process. The burden on the manufacturing and distributive systems, it was considered, would prove extremely heavy at a time of severe labour shortage, not to mention the additional strain on the Board's already hard pressed organization. And finally, as experience in other countries so clearly shows, such a coupon rationing system would still mean that the early shoppers and those with time to shop around would get the better choice, while those with limited time

would have to take second choice and for some items might not be able to get all they needed.

B. COUPON RATIONING

Rationing of *meat* was inaugurated in 1943 both because of developing shortages and because it was necessary to set a limit upon what was consumed in Canada in order to make the maximum quantity available for the United Kingdom. Heavy marketing of livestock, combined with a shortage of storage and shipping, led to suspension of meat rationing on March 1, 1944. While record production of livestock made it possible to continue suspension throughout the year, the machinery for rationing is being retained for prompt re-introduction if necessary. The ration was liberal, and available statistics indicate that its suspension has not greatly increased meat consumption.

Owing to improved shipping conditions, the *tea and coffee* ration was increased by 40 per cent on May 1, each coupon being made good for either four ounces of tea or 16 ounces of coffee and two coupons becoming valid each month. The continued favourable outlook and the substantial stock position led to the termination of rationing on September 19, 1944. Limitations on the serving of tea and coffee by restaurants were cancelled, but because of the tight cream and sugar supply, regulations as to servings of cream and sugar remained in force. When rationing began, in 1942, the consumption of tea dropped off severely and of coffee only slightly, but since rationing was lifted, the consumption of tea has increased at an equal rate to that of coffee. By the end of the year the monthly consumption of tea had about reached the 1939-41 level, but the consumption of coffee was considerably higher than that average.

Because of the shortage of *butter* the validity of one coupon was postponed in March, 1944. However, with production still lagging in the peak period (the summer) it was not feasible to continue the full 8 ounce ration and it was found necessary to reduce the ration for the last seven months of the year by postponing the validity of one coupon every eight weeks, bringing the ration to about 7 ounces a week. In December, it was announced that one coupon would be postponed every four weeks during the first part of 1945, making an overall ration of about 6 ounces per week.

The *sugar* supply situation remained tight throughout the year, but no change was made either in the half pound ration allowed to ration book holders or in allocations to industrial users. In December, 1944, it was announced that for the first quarter of 1945 industrial users (with some exceptions) and restaurants, etc., would be cut from 80 per cent to 70 per cent of their 1941 usage. The ration to consumers will also be reduced during 1945 by making two coupons come due each calendar month instead of every four weeks. The 1944 canning sugar ration was very much simplified. Instead of the 1943 scheme by which householders made special application to their local ration boards, every ration book holder was given the right to buy 10 pounds of sugar for canning with specially designated coupons, five of which became valid on May 25 and the other five on July 6. This scheme was much more satisfactory than the method used in 1943, and virtually every household used all its coupons for sugar; the option of exchanging them for preserves coupons was exercised only by a trifling number. The same amount of canning sugar will be provided in 1945 as in 1944, but, instead of using special coupons, additional preserves coupons will become valid during the various home canning seasons. At a value of one-half pound per coupon these will provide a total of 10 pounds of home canning sugar per ration book holder, with the alternative of using the coupons to buy preserves.

A number of changes were made in the *preserves* ration during the year. In February, improved supply conditions made it possible for the Board to double virtually all the products on the *preserves* ration though not the sugar alternative which remained unchanged. The coupon value of jam, jelly, marmalade, molasses and canned fruit was doubled. In order to facilitate arrangements between the primary producer of maple syrup and the purchaser who normally buys in quantity and direct from the producer during the production season, one coupon was good for 40 ounces of syrup between February 3 and May 31, after which the coupon value was reduced to 24 ounces. Other minor adjustments were made, but the sugar alternate was left at one-half a pound per coupon. A large number of households used this alternative to obtain additional sugar, especially in rural areas.

There has been some question as to why the preserves ration, especially for honey and maple syrup, should be continued in its present form. An initial reason for including a variety of preserves in the group ration was that, at the time, many of the products were too scarce to be rationed separately. Further, the inclusion of many products made it possible to allow for differences in tastes and purchasing habits—for example, the place of molasses in the Maritime Provinces and Quebec is filled by corn or cane syrup in the West; in the Prairie Provinces jam is a much more important product than in other parts of the Dominion, particularly in rural areas; maple syrup is purchased in quantity only in New Brunswick, Quebec, and parts of Ontario. To take one or two products off the ration would have immediately put pressure on those still rationed and would have led to inequalities between regions and between urban and rural areas. In effect, the present system appears to be “in balance”, and gives housewives across the Dominion the best opportunity of satisfying the particular tastes of their households.

To control the distribution of *evaporated milk*, a priority plan was introduced in October, 1943, whereby sales in areas with adequate supplies of fresh milk were restricted to infants and invalids and the extra quantities were allocated to areas deficient in fresh milk, with first priority given to infants and invalids. Quota arrangements were made for hospitals and other essential users in all areas. This method of distribution conserved stocks of evaporated milk to such an extent that in June, 1944, it was possible to remove the controls in all areas deficient in fresh milk. A further relaxation was announced,

effective February 1, 1945, whereby all restrictions were lifted in Manitoba, Saskatchewan, Alberta and British Columbia.

The food rationing regulations were reviewed during 1944 with a view to clarifying the provisions and facilitating enforcement. Revised regulations were issued in December, and while they involve no change in Board policy they will enable the Board to keep a more effective control over available supplies.

C. PERMIT RATIONING

Permit rationing, as mentioned above, is used to control the distribution of goods that are essential to certain groups in the community or are purchased infrequently, and has been applied chiefly to durable goods. In the case of electric stoves, the supply position in 1944, though far from plentiful, improved enough to dispense with permit requirements, and rationing was discontinued in March. Hot air furnaces were subject to permit control for a period of six months, from July until December, 1944, after which the permit system was removed.

During the year small arms ammunition, which had been previously reserved for essential users, was made available in small quantities for hunting.

As a result of the expanded production program for farm machinery (*see* page 25) seven items were removed from rationing. Some kinds of farm equipment are not rationed including metal and wood pumps, irrigation and drainage equipment, harrow sections and cream separators. Rationing of other types of farm machinery and equipment will be continued until supply is more in line with demand, so as to ensure delivery of available machinery to farmers most urgently in need of it.

V. FOODS

During 1944 the general food supply was better than in 1943, although shortages continued in certain important products, notably butter, sugar and canned fruits, and though there were a number of indications that supplies were becoming less plentiful as the year drew to a close. None-the-less, the improvement in 1944 was such that the Board was able to remove some of the more troublesome distribution controls such as meat rationing, tea and coffee rationing and the strict allocation of canned vegetables. Plentiful supplies also reduced pressure on

prices, and the general level of retail food prices actually showed a slight decline over the year, the official food index decreasing by about one per cent from January 1, 1944, to January 1, 1945.

A larger volume of imports has been available in a limited number of cases but by far the most important factor in the improved food supply position has been the tremendous increase in production on Canadian farms. Over 1,350,000 cattle were slaughtered in inspected plants during 1944, compared to about 1,020,000 in 1943. Hog marketings were 8,850,000

in 1944 compared with 7,035,000 in 1943, an increase of 23 per cent. Egg production was up 12 per cent, apple production was up 22 per cent, potato production was up 10 per cent over 1943. These figures are even more remarkable when it is remembered that 1943 itself was a year of unusually high output.

Under these conditions, pressures on the various ceilings were not so severe, and for many products there were periods when the market fluctuated freely below the ceiling. During the year, the Board further consolidated and standardized its existing regulations.

In the field of food pricing probably the most significant development was the consolidation of the retail provisions of all food orders into a single document which was issued early in November under the title "Item Index". The Item Index lists the order number and summarizes the retail provisions of all food orders. It also lists the items which are exempt from ceiling regulations. Items which are not mentioned on the Item Index are those on which each individual seller continues to be held to his own basic period ceilings. This consolidation was issued primarily for the convenience of retailers and made no fundamental change in the method of calculating any individual ceiling. It was, however, accompanied by a reference table which is used to determine in cents per unit the maximum margin which any retailer may take on any product. This table removes the need for retailers to perform the sometimes involved calculation entailed in determining margins expressed as percentages of selling price.

A. MEATS

Marketings of livestock were at unprecedentedly high levels throughout the year and it was possible to ship record quantities of pork to the United Kingdom, as well as to ship to that country for the first time large quantities of beef, while meeting requirements of the armed forces and filling all essential civilian demands. Serious congestion in storage space and in facilities for overseas shipments and extraordinarily heavy slaughtering of cattle and hogs resulted in the suspension of meat rationing on March 1, 1944. It was made clear, however, that rationing was merely suspended and would be resumed as soon as it was needed to maintain the necessary flow of meat to cover urgent and essential over-

seas requirements. Storage and shipping ceased to be serious bottlenecks in the overseas movements and a steady increase in slaughtering made it possible throughout the remainder of 1944 to continue the suspension of rationing and at the same time to fill or exceed all overseas commitments. Price ceilings of meat have been changed very little except for the elimination of the seasonal adjustment in lamb.

During the year, the ceiling price for carcass beef remained unchanged and the floor prices established by the Meat Board were adjusted in an effort to encourage production of well-finished cattle. Throughout the year, prices of good beef remained close to the ceiling although lower qualities dropped below it in many areas during the fall months. Veal and pork carcass ceilings also remained unchanged except for an increase of one-half cent per pound for pork sold on Vancouver Island and in the major British Columbia cities. This increase was designed to cover fully the cost of shipping live hogs to Vancouver from Calgary and Edmonton.

A new simplified price structure for lamb and mutton was announced in December, 1943, and was made effective by a series of orders in the first seven months of 1944. The final result of these orders was to establish a single year-round ceiling for all lamb except spring lamb during the period January 1 to July 15. This replaced a system which had provided different prices for fresh and frozen lamb and had allowed month by month seasonal adjustments. The market fluctuates below the ceiling in the fall months of heavy production although there is no formal seasonal reduction. Since the consolidated order was introduced lamb prices have on the whole averaged somewhat above 1943 prices, though the extremely high price which lamb reached in July and August of that year did not occur in 1944.

While the overall price ceiling for meats was held almost completely unchanged during the year it was found necessary to make material adjustments in the prices of individual cuts of beef and pork. Over a period of months consumers had shifted their demand to the more popular steaks and roasts of beef and towards legs of lamb, pork loins and the various types of ham. Retailers began to have difficulty in moving the boiling and stewing cuts,

and the shoulder cuts of pork. In an effort to encourage consumption of these cuts, whose food value is excellent, the Board reduced their prices and compensated the retailers by allowing higher ceilings for the more popular cuts. The overall effect was to leave the total price of a carcass of beef, lamb or pork unchanged except for the adjustments in lamb mentioned in the previous paragraph. This new pricing structure was introduced early in June for beef, and early in July for lamb. The pork adjustment was not made until October.

Miscellaneous Meat Products.—Koshering charges have always been added to cost in calculating ceiling prices for Kosher meats. In April an order established for Montreal, Toronto and Winnipeg specific individual ceilings for each cut of beef ordinarily handled by the Kosher trade. In other areas, however, and for Kosher lamb and veal in all areas, the retailer is required to limit his retail ceilings so that the total received for the meat does not exceed the sum of the wholesale ceiling for non-Kosher meat plus Koshering charges, plus a specified markup.

Standard descriptions were provided for sausage, bologna and weiners and uniform ceilings were set out for the various zones. Fancy meats (hearts, livers, etc.) have remained on the same ceilings throughout the year and prices have shown only minor fluctuations. Orders were issued which provided standard maximum prices for meats and poultry sold to hotels and restaurants.

B. POULTRY AND EGGS

In an effort to secure a better distribution of supplies, November and December prices for turkeys were raised by one-half cent per pound in Eastern Canada and were reduced by one-half cent in British Columbia. Storage allowances for turkeys, geese and ducks were also reduced slightly. Except for minor adjustments in retail prices when the markup table was introduced, ceilings for chicken and fowl remained identical with those established in 1943. Production has been heavy, exports have been substantial, and during the fall months a considerable volume of poultry sold below the ceiling.

Eggs have been in very heavy supply throughout the year. The price structure has been controlled by a ceiling which is identical with that of 1943 and a floor which is slightly higher than the 1943

floor. There is a wide range between floor and ceiling, however, and the market has fluctuated freely for a substantial part of the year. In fact, eggs sold at the ceiling for only three or four weeks in October and November and during the remainder of the year competitive factors kept prices at lower levels.

C. FISH AND FISH PRODUCTS

The removal of meat rationing restrictions produced some reduction in the demand for fish and supplies of fish were somewhat more plentiful than in 1943 with the result that the pressure on fish price ceilings has been less severe and in some cases prices have fluctuated below the ceiling. The chief development in respect to ceiling prices on fish was a consolidation and restatement of existing orders. These were combined into five main orders covering the following groupings: Atlantic fresh, frozen and smoked fish, Pacific fresh, frozen and smoked fish, Atlantic canned fish, Pacific canned fish, and a markup order controlling distributors' margins on any fish the prices of which were not specified in the first four orders. None of these orders introduced any important change in the existing structure of ceiling prices but a few varieties of fish which had previously been under basic period ceilings were given uniform specified ceilings.

D. DAIRY PRODUCTS

One of the most difficult problems which the Board has had to face is the distribution of limited supplies of certain dairy products. In spite of the dry summer, milk production in 1944 was slightly above 1943 but the increased consumption of dairy products, particularly of fluid milk, and the heavy production of cheese resulted in a decrease in the output of butter.

The basic considerations in the policy with respect to dairy products were outlined in a radio speech by the Chairman of the Board on August 31, 1944. In essence this policy places fluid milk requirements first; gives high priority to cheese for export, and to concentrated milk products for essential civilian use, for Red Cross prisoner-of-war parcels, and for military relief; and as much as possible of the remaining supply of milk is channeled into butter production. Close control over sales of ice cream was continued and control over sales of fluid cream was introduced. Processed cheese production

was limited to the level of 1943. Evaporated milk had been placed under a rationing system in October 1943 (*see* page 19). Even with these controls over other dairy products it was not possible to maintain the butter ration at the level of 8 ounces per person per week and the validity dates of ration coupons were postponed from time to time. During the greater part of the year the butter ration averaged about 7 ounces a week and in December it was necessary to announce that for the first few months of 1945 it would be just over 6 ounces a week (*see* page 18).

The structure of consumer price ceilings remained fixed on all these products during the entire year but Department of Agriculture subsidy payments to producers were varied from time to time in order to encourage production during the months of low seasonal output.

E. FLOUR AND BREAD

Consumer prices of flour and bread continue under individual basic period ceilings. The price of wheat to the farmer has been raised from time to time and during 1944 No. 1 Northern was accepted by the Wheat Board at \$1.25 per bushel. This is a very substantial increase in the price of wheat since the basic period, and to enable the milling companies to continue to sell flour at their basic period ceilings the mills receive from the Canadian Wheat Board a subsidy on their domestic production equal to the difference between the Wheat Board's selling price and the average price paid for wheat in the basic period, subject, however, to the formula for the limitation of subsidies in relation to excess profits.

F. FRESH FRUITS AND VEGETABLES

Conditions in 1944 were much more favorable than in 1943 for the growing of fruits and vegetables. Crops of nearly all varieties were considerably in excess of 1943 and the result was that more fresh fruits and vegetables were available both for the ordinary consumer and for the commercial canners.

The major pricing development in respect to fresh fruits and vegetables was the introduction of an arrangement which has come to be known as "trading under the ceiling". During 1943 ceilings were placed on a large number of fresh fruit and vegetable items at the grower or shipper level, and wholesalers' ceilings were provided by setting percentage margins over actual cost. In an attempt to keep

retail prices down, the margins specified in these orders were made as low as feasible. As a result, many wholesalers found themselves in difficulty. From time to time they suffered inventory losses when the market dropped below the ceiling and they were unable to recover these losses when the market rose, because they were required to calculate their markup on the actual cost of the particular commodity rather than on replacement cost.

A further complication was the fact that a wholesaler frequently has several shipments in stock at the same time and that these shipments may be identical in all respects, but due to market conditions several different cost figures apply. The addition of markup to actual cost in these cases produced varying ceilings for articles which were identical in every respect and the resulting confusion added to the difficulties both for the wholesalers and for the Enforcement Administration of the Board.

During 1944, provisions were therefore introduced which set out the wholesaler's ceiling by adding a margin to the grower's or shipper's ceiling rather than to the wholesaler's actual cost. In this way, the wholesaler was given a specified ceiling price regardless of the cost of the particular shipment. Such a provision was an important simplification of ceiling structures and the possibility of a trading profit has the effect of encouraging wholesalers to concentrate their sales efforts on any product which is temporarily below the ceiling. This arrangement also encourages wholesalers to buy and hold larger stocks of any product which is temporarily low in price, either because the merchandise is not fully up to standard or because supplies are unusually heavy. In this way surpluses are spread throughout the trade instead of concentrating in the hands of producers as would be the case if wholesalers operated on a day to day basis. It was felt that if supplies were so heavy that growers could not move their holdings at ceiling prices, that fact, in itself, was evidence that wholesalers would be under strong competitive pressure and would not be able to realize the full ceiling on their sales. To prevent any abuse of this trading under the ceiling provision, industry committees consisting of two or three leading wholesalers and the local Wartime Prices and Trade Board foods officer were set up in the major centres to enlist the cooperation of the trade.

These committees were given no enforcement powers but the trade was definitely informed that any abuse would lead to immediate cancellation of the privilege. On the whole the scheme has worked quite well and throughout the year it has gradually been extended to additional products.

Another important development has been the gradual shift of growers' ceiling prices on these products away from flat ceilings in all areas and toward ceilings based on the price in the major producing area plus transportation. Under the original orders the grower's price was a fixed figure and the price delivered to any city included the transportation from the actual growing area. As a result, nearby producers with low delivery costs were required to sell at a price which was lower than the price which could be charged by a producer whose farm was located farther away. Under the new orders a ceiling price for a given product is established in each city and this ceiling applies regardless of where the product is grown. Nearby growers receive a higher return than those who must ship a considerable distance. This structure of ceilings is much simpler to administer and is designed to discourage long distance shipping when nearby sources of supply are available. Potatoes were the first product to be placed on this type of price structure, and during 1944 onions and apples were shifted to it. Cabbage, carrots, turnips, etc., were, however, continued on the old arrangement in view of the fact that their output is widely dispersed.

Strawberries, raspberries, cherries and apricots were brought under ceilings for the first time during 1944 and all imported fruits and vegetables not covered by domestic ceiling orders were placed under markup control early in the year. These imported fruits and vegetables are given specific percentage margins above the price in the United States. Where the Office of Price Administration has a specified ceiling the Canadian ceiling is based on that figure even though the product may actually be purchased somewhat below the ceiling. Where the Office of Price Administration has no specific ceiling, the Canadian ceiling is the actual price in the United States plus markup. In other words, "trading under the ceiling" is provided wherever there is a specific United States ceiling but not in the case of those products which are ex-

empt or whose United States ceiling is the basic period maximum price of each individual seller.

In the last week of December, it was announced that oranges would no longer be eligible for import subsidy. The orange subsidy was introduced as part of the consumer subsidy program in December, 1942, at a time when the fresh fruit market was rising rapidly and when it appeared that the Canadian price for oranges might continue upward for an indefinite period. It was deemed essential to provide adequate supplies of this important source of Vitamin "C" at stable prices and to prevent a further increase in consumer living costs. Orange prices are now stabilized in the United States and reasonably heavy supplies are anticipated. Alternative sources of Vitamin "C" are now available in the form of tomato juice and fortified apple juice and it is therefore possible to eliminate a subsidy which has been fairly expensive and quite difficult to administer.

In order to ensure a reasonable supply of fresh fruits and vegetables the Wartime Food Corporation was reorganized in the fall of 1943 and was empowered to divert supplies from surplus areas to deficiency areas and to bulk purchase and allocate either domestic or foreign fruits and vegetables. Arrangements were made to cover the cost of any necessary transportation subsidies or losses on bulk purchase operations.

Fortunately the supply of fresh fruits and vegetables was reasonably good throughout the year and stocks were distributed with very little interference with normal trading operations. The supervision of payment of import subsidy on oranges was transferred from the Commodity Prices Stabilization Corporation to the Wartime Food Corporation on March 1, 1944, and that arrangement was continued until the subsidy was cancelled as of December 30, 1944. The other major activity of the Wartime Food Corporation was concerned with a number of local shortages of potatoes. In January, as a result of severe climatic and other conditions, potatoes became scarce in several parts of Eastern Canada and the Board had to undertake the diversion and allocation of shipments. In addition, it bulk purchased 220 cars of potatoes in British Columbia, and another 200 cars in the United States. This solved the immediate problems of supply during

January, February and March and in April, with the return of milder weather, shortages disappeared and a surplus developed in some areas. Considerable quantities were then exported and in order to make full use of the remaining stocks, imports of United States new potatoes were placed under restriction until July 1, 1944. The substantial carryover of old potatoes made it possible for the Board to avoid the difficulties and expense of the subsidy which had been paid on new potatoes in 1943. Growers' ceilings for new potatoes in 1944 were the same as in 1943 but dealer ceilings were set by specified markups above these rather than at a lower subsidized level. During June, July and August, supplies appeared in such volume, however, that the market remained considerably below legal ceilings in almost all areas.

G. CANNED FRUITS AND VEGETABLES

The pack of canned fruits and vegetables was much greater in 1944 than in 1943. As a result of the increased production it was not necessary either to prohibit the sale of these canned goods during the summer months as was the case in the previous year, or to continue in force the regulations which scheduled their sale throughout the year. In the light of the preceding season's experience, a smaller reserve was held for the armed forces and other priority claimants and stocks not so required were released for civilian sale.

The price structure for these commodities remained essentially the same as in 1943 and the various subsidies paid by the Wartime Prices and Trade Board and by the Department of Agriculture were retained with only minor adjustments. The Board has, since 1942, paid subsidy to canners at fixed rates per unit on their sales of canned fruits and vegetables and this subsidy was available to the industry as a whole. To ensure that assistance is provided only to those producers who cannot otherwise continue production at ceiling prices without serious financial difficulties, the subsidy with

respect to the 1944 pack was made subject to an arrangement for limitation of subsidy in relation to the net taxable income of the individual recipient.

Supplies of the items included in the preserves ration were generally substantially larger last year than in 1943. There was, however, no corresponding improvement in the total sugar supply and, because of the high sugar content of most of the preserves in the ration and of the value of the sugar alternative for preserves ration coupons in meeting varying consumer needs for sugar, it was necessary to continue this form of rationing. Nevertheless, the Board was able, early in the year, to increase the coupon values. A few items were removed from the ration, the quantity of preserves, molasses, honey and canned fruits which could be purchased for a coupon was doubled, and an even larger increase was authorized for maple syrup during the producing season in order to facilitate arrangements between primary producers and those who are accustomed to buy their syrup in large quantities. To ensure adequate supplies of preserves for priority users, early in 1944 a percentage of each processor's stock of jam pulp produced in 1943 was set aside for allocation by the Board. The same method of supplying essential requirements from jam pulp produced in 1944 was repeated in September, 1944.

To forestall a possible deficiency in the supply of vitamin "C" during the winter and spring, about 700,000 cases of canned grapefruit juice were bulk purchased. Although it was authorized for sale at prices higher than those prevailing in the basic period, the transaction involved a considerable trading loss to the Corporation. For 1945 the quantity so purchased and subsidized will be reduced to about 400,000 cases in consequence of the additional vitamin "C" made available through the increased pack of canned tomatoes and tomato juice and the processing, for the first time for civilian use, of apple juice fortified with vitamin "C".

VI. FARM EQUIPMENT AND SUPPLIES

Requirements for farm machinery, feeds and other agricultural supplies were heavier in 1944 than in the previous year, reflecting the needs of Canada's expanded

food production as well as those of export markets. At the same time, production of implements, feeds and fertilizers increased and, although demands for most

of these items still exceeded supply, the position improved materially over the past year.

A. FARM MACHINERY

The difficulty of harvesting larger crops at a time of acute labour shortage increased domestic requirements for machinery. In addition, greater export requirements for farm implements had to be met. In order to obtain additional supplies the Board, in consultation with the Wartime Industries Control Board and with the War Production Board in the United States, enlarged the production program for the 1944-45 season (July 1, 1944 to June 30, 1945). Production and import quotas for many articles were set significantly higher than in 1943-44 and formal restrictions over the manufacture and import of repair parts were removed. The new quotas were designed to raise the production of implements to approximately 100 per cent of the output in 1941, compared with about 80 per cent in the previous season, and particular emphasis was given to the production of the more urgently needed types.

In addition to this program, plans were made for the production of 20,500 tons of farm machinery in 1944-45 for the United Nations Relief and Rehabilitation Administration. Despite this new export production, and the continuation of exports to traditional markets, only about 30 per cent of Canada's total output of farm machinery will be exported. Prior to the war, the proportion was over 40 per cent.

Notwithstanding the high priority given to the production of farm implements, the quotas for some implements have not been fully met because of shortages of materials, component parts and labour. The shortage of malleable castings, agricultural discs and similar items constituted the major bottleneck in farm machinery production. Rationing of farm machinery was continued throughout 1944 though it was possible to remove several items in better supply from the ration (*see* page 19). Special provision was made to meet the needs of returned servicemen established on farms under the Veterans' Land Act.

In the Budget Speech on June 26, 1944, the Minister of Finance announced that the government would remove the War Exchange Tax and customs duties on all imported agricultural implements and complete repair parts in order "to give

concrete evidence of the direction which it is endeavouring to follow in the formulation of postwar commercial policy" and also "to give to agriculture assurance in respect of some of the conditions under which it may expect to operate after the war". The Board, under direction from the Government, took action to see that the practical benefit of such reduced costs would be passed on to the farmer by requiring importers and dealers to reduce their prices by an equivalent amount, except in the case of parts imported for further manufacture. Prices of complete farm equipment imported after June 26 were to be reduced immediately and prices for repair parts, no matter when imported, were to be reduced on October 1. A three months' leeway was allowed in the case of repair parts, because importers and dealers in anticipation of harvest requirements had accumulated substantial stocks of repair parts on which the duty and war exchange tax had already been paid.

For some time manufacturers of farm machinery had been subject to a "squeeze" resulting from rising costs and diminishing war contracts. A measure of relief was provided by the Government's decision to remove the War Exchange Tax on a wide range of materials and component parts when imported by a manufacturer for use in the production of farm implements. This step was designed to avoid subsidy payments and was also announced in the Budget to be retroactive to April 1, 1944.

B. FEEDS

The supply of processed feeds, particularly protein feeds, improved considerably during 1944, though not in all cases sufficiently to meet all demands. Production of millfeeds (by-products of flour production) increased. Animal protein was in much better supply, and the Board permitted manufacturers of commercial mixed feeds to increase the protein content in cases where it had been below desirable levels. The domestic subsidy on fishmeal was cancelled on July 1, 1944, as its purpose had been to encourage maximum production of fishmeal at a time when other protein feeds were scarce. It was also possible for the Commodity Prices Stabilization Corporation to discontinue bulk purchases of such feeds as oilcake meals and fishmeals.

The 1944 crop of hay and other fodders in the Central and Eastern Provinces was below average as a result of the dry sum-

mer, and dairy farmers and livestock producers were experiencing considerable difficulty in obtaining adequate supplies. Hay prices began to rise rapidly, thus endangering the supply and the price ceiling structure of beef and dairy products. The Board therefore set ceiling prices in November, 1944, on all hay grown and sold in the Central or Eastern Provinces. These prices are in line with the ceilings fixed in 1943 for hay in the Prairie Provinces. At the same time, in order to assure supplies for essential domestic uses, the export of hay was placed under export permit control.

C. FERTILIZERS AND PESTICIDES

With increased agricultural production Canadian requirements of fertilizers were greater in 1944 than in the previous year and increased supplies were obtained from domestic and foreign sources. Imports into Canada are subject to international allocation by a committee responsible to the Combined Food Board and the Combined Raw Materials Board, as are exports from Canada which, for some materials and from some regions, are now very substantial. Domestic usage of fertilizer increased from 500,000 tons in 1943 to 560,000 tons in 1944.

Imports of fertilizers included phosphate rock, superphosphate (to supplement domestic production), potash and a small tonnage of nitrate of soda. Some of these fertilizer materials were bulk purchased by the Commodity Prices Stabilization Corporation. Domestic and

import subsidies on fertilizer materials to equalize the laid-down costs were paid as in previous years with minor modifications designed to reduce subsidy payments.

The demand for pesticides also increased considerably. Under an arrangement made with the War Production Board in the United States increased supplies of arsenical poison were obtained from that country. The Commodity Prices Stabilization Corporation subsidized the import of a supply of nux vomica from India from which sufficient strychnine was abstracted to meet current needs. As in previous years, a supply of nicotine sulphate was bulk purchased, but the majority of bulk purchases of pesticides was discontinued at the end of the year.

D. BINDERTWINE

As in the previous year, there were a number of difficulties in obtaining suitable materials for the manufacture of bindertwine. Sufficient Mexican sisal, used as a substitute for the African sisal fibre, was not available*, and a certain amount of jute was obtained in order to extend the supply. Arrangements have now been made to release African sisal for the manufacture of bindertwine. A supply of this fibre, which had previously been diverted to rope-making, is being released by the substitution of hemp obtained by bulk purchase from the United States, though this latter transaction involves a considerable trading loss to the Commodity Prices Stabilization Corporation.

VII. TEXTILES AND LEATHER

Adverse influences which affected textile supplies in 1943 were again evident in 1944 and gathered force as the year advanced. Throughout the world, war demands for manpower brought a deterioration in both the size and quality of the labour force engaged in textile production with a consequent decline in output. Military requirements of the United Nations for textiles remained high, and the residue left for civilians was in most countries quite inadequate to meet their demands.

Canada shared these difficulties both directly through impaired output in her own textile industry and indirectly through difficulties in obtaining her import requirements from the United Kingdom and the United States. These two

countries found it necessary to restrict the flow of yarns and fabrics to Canada in 1944 not only because of their domestic production problems but also because of the urgent requirements of other deficit areas and the potential relief requirements in Europe, Africa and the East. The allocation and priority systems in the United States and the United Kingdom facilitated Canadian procurement of the supplies which they could spare from their restricted production, but these imports, together with domestic production, were insufficient to meet Canadian war requirements, to provide modest exports to areas dependent on Canada, and to meet a strong civilian

* W.P.T.B. Report, Apr.-Dec. 1943, p. 27.

demand, with the result that some further inroads were made on inventories.

In the international sphere, the Combined Production and Resources Board continued its efforts in co-ordinating the free world's textile production and distribution. Canada co-operated fully although, as a country with a relatively small textile industry and therefore dependent on foreign supplies, the Canadian contribution was largely limited to measures designed to economize in the use of existing supplies.

In the domestic sphere, the National Textile and Leather Requirements Committee, whose chairman is the chairman of the Wartime Prices and Trade Board, continued to co-ordinate the requirements of the armed services, of the civilian economy, and of those foreign areas dependent on Canada. Direct war requirements were substantially less than those of the previous year, and were for fabrics and garments whose production impinged only moderately on the overall supply. Consequently, war requirements seriously affected the production of essential civilian requirements in only a few cases, which the Committee was able to resolve satisfactorily.

To offset, in part, the inadequate supplies from abroad and to obtain the maximum possible production from the Canadian textile industry, the Board brought to the attention of National Selective Service the urgent need for higher labour priorities to retain and increase the labour forces of the mills and factories. Though National Selective Service provided labour assistance where it was urgently needed, the requirements of labour for war and other essential purposes were so great and the pull from high wage industries so strong that an adequate labour force in the textile industries was not maintained, and inexperience, inefficiency, absenteeism and rapid turnover further impaired production. The administrations of the Board continued their efforts to guide domestic yarn and fabric production into types and constructions most suitable for essential garments. Every effort was made to get the most needed fabrics and yarns in procurement from other countries and in some cases the Board directed bulk purchase of a substantial portion of allocations to guard against dissipation of these through uncontrolled purchase of less essential types. The mills co-operated with the Board's

administrators in providing adequate supplies of the limited domestic production to manufacturers of the most essential products. It is the policy of the Board to assure by direct action the maximum production of essentials rather than to prohibit completely production of small amounts of non-essentials whose manufacture, sometimes in specialized and non-convertible plants, may not interfere with the maximum practicable use of plant and labour suitable for more important purposes.

While direct war requirements for textiles were lower than in 1943, the total demand arising from wartime sources remained a heavy drain on available supplies. In addition to the demands of Canada's armed forces and those of our Allies, war production consumed substantial yardages of industrial fabrics and the large wartime exports of food required great quantities of bagging and other fabrics. In addition, Canada contributed to the relief of distressed peoples through the diversion of textile products to the United Nations Relief and Rehabilitation Administration, the Red Cross, and other relief agencies. At the beginning of 1945, indeed, it was necessary for the Board, acting under instructions from the Government, to issue an order designed to co-ordinate still further the collection and purchasing of supplies for relief. The order requires all appeals by voluntary agencies for the donation of clothing and other supplies and all purchases by such agencies to be made only under permit issued by the Department of National War Services and approved by the Wartime Prices and Trade Board.

A. COTTON YARNS AND CLOTH

During 1944 the United Kingdom was able to furnish Canada with about the same tonnage of fine yarns of types not procurable elsewhere as she supplied in 1943. A limited supply of fabrics was also furnished, representing partly the balance of orders for staple goods placed in 1943, and the remainder consisting of specialty fabrics which, like the yarns, were not obtainable elsewhere.

Under the preference rating system instituted by the War Production Board at the opening of 1944, the United States furnished Canada with a considerable supply of fabrics to supplement domestic production. In allocating fabrics to Canada the United States felt it necessary

to impose the same proportionate cut on the Canadian civilian supply as was imposed on the United States civilian supply. Since Canadian supplies were already at a lower level than those of the United States, this imposed a greater burden on Canada. At the same time the procurement of yarn from the United States was restricted by the decline of production in that country.

The output of the cotton mills in Canada was materially less than in the previous year, though the shortage of supplies for civilian use was moderated by the smaller requirements of the armed forces and concentration of their continuing needs in fabrics not used extensively by the civilian economy. The knit goods industry continued to draw heavily on the yarn supply of the primary cotton mills to the detriment of the production of cotton fabrics. However, the maintenance of the simplified schedule of fabric constructions, which was instituted some time ago, has enabled the primary cotton industry to produce nearly the maximum practicable yardage of cloth from available yarns.

During the period under review, the Cotton Administration continued its informal direction of the production and distribution of domestic fabrics and yarns to ensure adequate supplies of essential materials; supplies procured from abroad were distributed on the same principles. Foreign procurement was concentrated chiefly on goods of high utility value. Bulk purchases from abroad were undertaken where it was felt desirable and, when shortages of print cloth fabrics appeared imminent, arrangements were made for temporary tariff reductions on rayon-cotton mixture fabrics. In addition, the War Exchange Tax on raw cotton, cotton linters and certain yarns and fabrics was removed with a view to reducing subsidy payments and facilitating importation of some materials from the United States no longer obtainable from the United Kingdom.

While regional scarcities developed in certain cotton fabrics, adequate supplies of garments were generally produced throughout 1944, although in the latter part of the year this involved some reduction in inventories of fabrics.

B. WOOL YARNS AND CLOTHS

The same influences which affected the cotton yarn and fabric supply were also present in the case of wool yarns and

fabrics. There were ample supplies of raw wool from domestic production and in Canadian stockpiles of Australian and New Zealand wool, accumulated in previous years as a safeguard against the worsening of the war situation in the Pacific. As in the case of cotton, production was restricted by the shortage of labour, though the requirements of the armed forces were lower than in the previous year. The continuing war requirements, however, were a heavy burden on the worsted supply, particularly because procurement of fabrics from the United Kingdom decreased to the lowest level in many years.

The Wool Administration's system of licensing cloths for production was continued throughout the year and a close control was maintained over the production and distribution of all weaving and machine knitting yarns. The administration took special action to sustain the output of civilian worsted fabrics by establishing production quotas for all mills and directing their production. In order to assure needed output, a subsidy was authorized for the worsted spinning and weaving industry which had been subjected to a price "squeeze" at the time of the ceiling and whose costs had further increased. Allocations were rearranged to take account of surpluses of certain fabrics which had developed in Canada and thus to make the fullest use of existing supplies. In addition, the Board negotiated with the United Kingdom production authorities for a larger allocation of worsted fabrics in 1945 (including a special reserve supply to meet the clothing needs of demobilized service personnel). Because of production difficulties in that country, it is not likely that this increased allocation will be met. A marked reduction in imports of worsted yarns from the United States for use in military fabric output led to a further diversion of Canadian worsted yarns from civilian use to the manufacture of military fabrics.

During 1944, Canadian mills produced a considerable yardage of wool fabrics for battledress for the United Kingdom and a substantial number of general service blankets. The decline in the production of friezes for army greatcoats enabled production facilities to be offered to the Canadian Mutual Aid Board for the manufacture of woollen fabrics for the United Nations Relief and Rehabilitation

Administration. Some production is now in hand under the direction of the Wool Administration.

The Commodity Prices Stabilization Corporation continued to reimburse the Canadian Wool Board for losses sustained on sales of imported raw wool, tops, yarns and fabrics for civilian use and also for losses incurred in certain incidental operations in connection with domestic wools. The losses sustained by the Canadian Wool Board owing to the liquidation of reserve stocks, accumulated as a protection to civilian supply against the hazards of ocean shipment, were also absorbed by the Corporation.

C. RAYON YARNS AND FABRICS

Supplies of viscose yarns for civilian purposes in 1944 were reduced by the diversion of a substantial part of the facilities of the only viscose yarn producer in Canada to the production of high-tenacity rayon yarns to be used in fabric for synthetic rubber tires. However, the domestic supply of rayon yarn was maintained as the result of a larger acetate yarn output from the other rayon producer and by the procurement of yarns and fabrics arranged by the Board with the production authorities in the United States and the United Kingdom. As in the past, the disposition of domestic and imported yarns was controlled by the Board's Yarn Allocation Committee. Rayon yarns and fabrics have served to supplement the declining supply of cotton yarns and fabrics.

Because of the careful control exercised over the supply of rayon yarn in the United States, it was necessary that allocation be made to a Canadian government agency and the Commodity Prices Stabilization Corporation was, therefore, authorized to purchase Canada's allocation for civilian use. This allocation consisted of acetate yarns and, since these yarns had to replace lower priced domestic viscose yarns, the Corporation was authorized to sell them at prices appropriate to the ceilings of the users. In view of their inability to substitute acetate yarns, the circular knitters have had to rely on the viscose yarns which continue to be imported from the United Kingdom under an import subsidy arrangement. To maintain the production of low-priced rayon dress goods, a subsidy is paid on first quality viscose yarn as a substitute for the lower quality viscose yarns which are in short supply.

D. GARMENTS—SUPPLY

Notwithstanding the supply problems outlined above, yarns and fabrics were generally provided for the manufacture of clothing in quantities sufficient to minimize any serious disturbance to production. However, a general shortage of labour placed serious limits on the productive capacity of the garment industry and required the extension of direct measures by the Board to ensure adequate production of essential garments.

Directives were first introduced in July, 1943, covering production of men's and children's heavy underwear and have since been extended to a variety of other garments. Directives have in every case raised production to higher levels.

Under the directive system, production quotas for specified items are established for each manufacturer, after provision has been made for anticipated war requirements. It is generally stipulated that inventories of suitable fabrics must first be drawn down to a working level, and provision is then made for an assured supply under priority of the balance of the fabrics necessary to meet each quota. Priority arrangements are most detailed in the case of wool fabrics for the manufacture of boys', children's and work garments where they extend as far back as the mill or importer. The importance of a directive is recognized by other suppliers, and supplies of elastic, zippers, leather, thread, etc., are generally made available on evidence that production is under a Board directive.

When necessary, the Board requests from National Selective Service assistance in obtaining the labour needed by each firm in fulfilling its directive. Manufacturers with only a part of their production under directive are expected to divert labour from non-essential operations towards the completion of the quotas under the directive before consideration can be given to their labour requirements. Each firm under directive must furnish its administrator with monthly production data which can be checked against fabric consumption and employment to ensure that materials and labour are being effectively employed.

During 1943, all types of knitted cotton and woollen underwear were placed under production directives. To these were added infants' and children's fall and winter garments, and children's shoes. New quotas were established for all of

these for the year 1944 and, in the spring of that year, production quotas were instituted for men's and children's socks and stockings, and men's and boys' heavy woollen work garments. In the summer of 1944, it was decided to issue directives for the production of women's full length hosiery and men's worsted suiting fabric. Toward the close of the year directives were issued for the production of boys' light weight woollen clothing and overcoats, and infants' and children's knitted outerwear. All 1944 directives were continued into 1945 though men's worsted suitings are to be included in special directives covering production of all woollen and worsted fabrics (February, 1945).

It is probable that additional garments will be placed under production directives in 1945. Further steps will be taken to improve the flow of fabrics and supplies to all designated users under directive, particularly where fabrics in short supply are involved. Since most directive quotas require larger allocations of fabric than would have been made under the former "equitable distribution" policy (based on 1941 consumption), the residual supplies of these materials available for less essential purposes will be materially reduced. In addition, requirements for industrial, institutional, and direct and indirect war uses have to be assured, and, with the further extension of the directive program, supplies of materials remaining for less essential uses will be progressively diminished.

While the Board has taken the extraordinary measures outlined above to ensure that essential requirements will be met, it should not be assumed that the Board is obliged or will necessarily be able to meet *all* consumer demands. Increased purchasing power has inflated consumer demands for certain textiles to the point where, having regard to the war requirements, they simply cannot be met in full. Public restraint in using this purchasing power is necessary if Canada is to avoid the necessity of extending the rationing system (*see* page 17).

E. GARMENTS—QUALITY AND PRICE

During 1944, labelling regulations, designed to identify the manufacturers of goods sold at retail, were extended to practically all garments and footwear, and were used extensively in checking quality deterioration and infractions of the Board's pricing regulations. Enlarge-

ment of the inspection staff of the Standards Division facilitated the investigation of quality maintenance in a large number of clothing and footwear plants.

Two orders issued about mid-year will materially assist the Board in its price control activities in the textile field. Under one order, retailers are now required to attach a price tag to practically every item of men's, women's and children's clothing. Under the other order, retailers' markups allowed on women's, misses' and children's dresses, coats and suits were specifically limited to 45 per cent of the selling price, in addition to the continuing requirement that they must not exceed those taken in the basic period. This order was designed to check the excessive markups taken by some specialty shops, and, together with price tagging, has been of considerable assistance in enforcement.

F. FOOTWEAR

World supply of hides continued to diminish under the influence of wartime conditions and Canada suffered a diminution of the supplies available to her by comparison with 1943. A marked reduction in the requirements of the armed forces for footwear helped to offset the decline in the available supply of leather and, in general, an adequate civilian leather supply was maintained.

Canada continued to co-operate with the Footwear, Hides and Leather Committee of the Combined Production and Resources Board and the Combined Raw Materials Board and to participate in a joint hide-buying program. The hides are procured through the United States Commercial Company and the Hides and Leather Administrator of the Wartime Prices and Trade Board allocates Canada's share to the Canadian tanners. The Commodity Prices Stabilization Corporation is responsible for any loss incurred by the United States Commercial Company on hides which have been formally allocated to Canada from the time of such allocation until they are taken up by the Canadian tanners. The Corporation also continues to subsidize sole leather tanners on these imports under a special formula. Since Canada was required to take part of her allocation in the form of low grade hides suitable only for upper leather, it was necessary to extend subsidy payments to upper leather tanners. Imported tanning materials have continued

to be subsidized and domestic subsidies have been arranged to encourage the production of hemlock bark, a tanning material indigenous to Canada.

During 1944, the Board's Footwear Administrator continued to direct the production of juvenile footwear and such production was substantially increased.

VIII. PULP AND PAPER

During 1944 wartime demands for pulp and paper and the products manufactured therefrom continued to exceed the available supply. Supplies were again restricted by shortages of manpower available for pulpwood cutting and to a lesser extent at the mills, but strenuous efforts were made to maintain and increase supplies and these met with some success. As more than 82 per cent of Canada's pulp and paper production is exported and as many of the United Nations, including the United States and the United Kingdom, are largely dependent on Canadian supplies, it was again necessary to work out an equitable sharing of Canadian production between domestic and export markets. Close contact and co-operation between the Wartime Prices and Trade Board and the United States War Production Board and the British Ministry of Supply were maintained throughout the year. While some demands necessarily went unfilled, the Canadian pulp and paper industry in 1944 was able to cover all essential domestic needs, to meet a large part of the huge total requirements of the United States and to send substantial supplies to thirty-nine other Allied countries. This, however, was accomplished only through the use of extraordinary and sometimes uneconomical methods of accelerating pulpwood deliveries and by making substantial inroads into depleted pulpwood inventories which are now reduced to a bare operating minimum.

It was necessary in the early months of 1944 to continue and increase the restrictions on domestic consumption of pulp and paper products that had been imposed late in 1943. However, during the year the results of the paper conservation program inaugurated by the Board became apparent and some improvement in pulpwood supplies resulted from the combined efforts of the industry and National Selective Service to increase the labour force in the woods. Without increasing Canada's share of total Canadian production, it was therefore found possible late in the year to remove a number of the detailed restrictions on the manufacture

and use of products made from pulp and paper for domestic consumption, and to rely for control purposes on mill quotas and other restrictions at the manufacturing level. The continued efforts of the industry and of National Selective Service to increase the labour force for the 1944-45 wood-cutting season and the removal of restrictions on electric power which had curtailed operations at some mills, give hope for some improvement in supply in the second half of 1945. The extent of such improvement depends on weather conditions during the winter, the ability to move pulpwood to the mills, and other physical factors.

A. PULPWOOD

The most important factor contributing to shortages of pulp and paper is the shortage of pulpwood, which in turn arises from manpower shortages in woods operations. Reference has already been made to the efforts to increase this labour force. These efforts in the 1943-44 cutting season resulted in an increase in the cut of new wood of approximately 8 per cent over the 1942-43 season. Unfortunately, low water levels during the summer months seriously reduced anticipated deliveries of pulpwood to Canadian mills and inventories are now at a point where, to sustain current rates of mill production, the volume of new wood produced in the 1944-45 cutting season must at least equal the rate of consumption.

By arrangement with the United States War Production Board and in line with historic distribution, the Canadian production of "purchased pulpwood"* produced east of the Rocky Mountains was shared equally between the two countries. In the result, approximately 1,500,000 cords of pulpwood were exported to the United States. In addition 32.5 million feet of hemlock and balsam logs were exported from the Pacific coast to pulp and paper mills in the State of Washington.

Several price adjustments were made during the year to encourage the production of pulpwood. In the first quarter,

* "Purchased pulpwood" includes all pulpwood cut and sold as such. It does not include pulpwood cut by Canadian mills and used in their own manufacture.

domestic prices of spruce, jackpine and poplar were adjusted by the Wartime Prices and Trade Board under an agreed action with the Office of Price Administration in the United States, by which the latter imposed ceilings on imported pulpwood at levels appropriate in relation to Canadian ceilings. These steps were taken under a joint decision to establish a price structure which would encourage maximum production and at the same time permit an appropriate allocation and distribution of supply between the two countries. Minor upward adjustments in pulpwood ceiling prices in Ontario, Manitoba and Saskatchewan were made in May.

To stimulate pulpwood production by farmers and settlers who might secure assistance from brokers and dealers in financing and transportation, mills were authorized in July to pay higher prices in eastern, central and parts of western Canada when purchasing wood through such established brokers and dealers. A licensing system to control these payments was introduced by the Timber Controller.

B. NEWSPRINT

Canadian newsprint production during 1944 was at a rate of approximately 250,000 tons per month, or slightly greater than in 1943, and 4.3 per cent above the 1939 volume. Efforts by the industry to produce newsprint with the lowest possible wood consumption per ton of paper—commonly known as the application of "wood extension" methods—was a significant factor in the maintenance of the high level of newsprint production.

Exports to the United States averaging 200,000 tons per month, although approximately 9,000 tons monthly lower than in 1943, were 11 per cent above the 1939 rate and represented approximately 75 per cent of the total United States supply. Overseas shipments of Canadian newsprint, which had been sharply restricted by the shortage of shipping space and by other wartime developments, were increased approximately 110,000 tons over 1943 to a rate of 32,000 tons monthly, and deliveries to Canadian mills were reduced a further 465 tons per month below 1943 levels to a monthly rate of 15,600 tons. However, to maintain this relatively high volume of shipments, the inventories of paper held by Canadian mills had, by the end of the year, been reduced 13.5 per cent below 1943 levels,

and were 67 per cent lower than the mill inventories at the end of 1939.

Late in the year plans for the production of newsprint for the first six months of 1945 were made and a statement of estimated exports to the United States and the United Kingdom was given to the War Production Board and the British Ministry of Supply. It is expected that deliveries of newsprint for Canadian use and to the United States will be maintained during the first six months of 1945 at the 1944 rate. Exports to the United Kingdom will be at the annual rate of 131,000 tons, which compares with exports of 100,000 tons in 1944.

During the latter part of 1944 a considerable demand developed for newsprint for liberated countries in Europe. A procedure for screening these demands and for meeting approved requirements was worked out between the paper control agencies of Canada, the United States and the United Kingdom. This procedure is now operating satisfactorily.

At the request of United States publishers, experimental production of newsprint of 30-pound weight was undertaken in May and June in an attempt to obtain a greater yardage of paper per ton than was possible with the customary 32-pound paper. Advantages were, however, more than offset by the fact that the lightweight paper reduced the output of those newsprint machines which had been operating at capacity and the wood extension program could not be applied when mixed weights were produced. Owing to the higher costs of manufacturing the lightweight paper, a price of \$4 per ton above the price of the 32-pound newsprint was established in both Canada and the United States. As a result of a meeting in June between Canadian producers and a special committee of United States publishers, appointed by the War Production Board, the manufacture of 30-pound newsprint was abandoned.

C. PULPS

The total Canadian production of all kinds of woodpulp in 1944 was 5,223,000 tons. This compares with a production in 1943 of 5,248,000 tons and in 1939 of 4,116,000 tons. During the war years, Canada's exports of pulp have more than doubled to meet increased wartime demands and to replace Scandinavian supplies which were cut off by enemy action.

Late in the year commitments, similar to those for newsprint, were given to

government agencies in the United States and the United Kingdom for exports in the first six months of 1945. It was recognized by all three countries that the urgent needs of the United Kingdom and other Empire countries required that increased supplies of pulps be provided and it was arranged that Canada should assume a share of these additional requirements at the rate of approximately 60,000 tons per annum. These additional exports, principally to the United Kingdom, coupled with pulpwood shortages at several pulp mills, necessitated a reduction in pulp exports to the United States from an annual rate of 1,100,000 tons in 1944 to an expected annual rate of 1,000,000 tons in the first half of 1945. This reduced rate is, however, 71 per cent above the average annual rate of pulp shipments to the United States in the pre-war period, 1935-39.

D. DOMESTIC PAPER CONTROLS

The domestic distribution of print paper (both newsprint and fine paper) to newspapers, magazines and other publications continued during 1944 to be subject to quota limitations imposed by permit. Late in the year it was found possible, within the Canadian allocation of print paper, to make certain adjustments in the quotas for these publications. These changes raised minimum quotas and made possible small allocations to new publications and periodicals. These revisions in the quota procedure did not increase Canadian supplies at the expense of exports but made possible a greater flexibility in paper use for those publications and periodicals using relatively small quantities of paper.

On November 1, 1943, a shortage of fine papers made it necessary to impose quota restrictions on commercial printed matter, and to limit the manufacture of certain types of advertising and promotional printing. This order was accompanied by a vigorous campaign to conserve paper by voluntary action, both by the Dominion Government and its agencies and by private individuals and corporations. The combined effect of these compulsory and voluntary savings, and a small increase in the total production of the fine paper mills made it possible to meet essential domestic and export demands. In view of the balance achieved in supply and in line with the Board's general policy of removing restrictive orders as soon as practicable, the order restricting com-

mmercial printed matter was revoked on November 1, 1944, but mill quotas to paper users continued to apply. The Board, however, warned that the supply of print paper was not adequate to meet the potential demand for the less essential types of printed matter, and asked particular users to give priority to their more essential needs. For example, book publishers were asked to establish priorities in their own production to ensure the supply of text books and other essential reading matter.

On August 14, 1944, the Department of Trade and Commerce, at the request of the Wartime Prices and Trade Board, made books subject to the export permit regulations. Certain United States book publishers, anxious to supplement the paper quotas permitted to them by the War Production Board, had begun to print books in Canada for export to the United States. This practice, if permitted, would have unbalanced the overall paper allocations as between the two countries. The tonnage used by the Canadian publishing industry is not large and any appreciable diversion of book paper to the United States would, therefore, have quickly jeopardized the ability of the Canadian mills to meet essential domestic requirements.

E. CONVERTED PAPER PRODUCTS AND PACKAGING

Requirements of kraft paper, paperboard and converted paper products for war purposes and essential civilian needs reached their peak in the first half of 1944. Overseas demands for kraft paper, boxboard, and container board, and for package and shipping cases also increased substantially, and it became necessary to impose further restrictions on less essential domestic consumption.

Mill quotas were established to regulate distribution between domestic converters of kraft paper and paperboard. The civilian allocation of wrapping paper was reduced substantially. A system of priorities was established in May under which paperboard requirements for munitions and perishable food were given preference over less essential uses of paperboard, and non-war uses of paperboard and boxes were either prohibited or restricted on the basis of previous consumption. On July 1, 1944, quotas restricting the purchase and use of shipping cases, originally imposed in December 1943, were further reduced. Direct and indirect

war requirements and the packaging of essential foods were by this time absorbing over 75 per cent of the output of the shipping case industry.

However, as the peak demand for certain war purposes lessened in the third quarter of the year, steps were taken to remove many specific end use controls whose purposes were now being served by broader quota restrictions or by mill allocations. For example, orders restricting the colour-printing of paper boxes, and the use in them of glassine windows or textile lining, were revoked. The design and printing limitations on wallpaper, gift wrapping paper, greeting cards, shipping cases, paper napkins, and multiple containers were removed as were limitations on the manufacturing specifications of loose-leaf sheets, indexes and forms, school supplies, toilet paper, shipping tags, counter cheque books and various types of stationery.

As supply conditions permitted, the prohibition and general quota restrictions limiting the use of paperboard in boxes and shipping cases were progressively relaxed, control over distribution being retained through priority systems.

F. PAPER CONSERVATION AND SALVAGE

As a means of reducing the demand for virgin pulp and informing the public of

the need of their co-operation in alleviating the shortage of paper and paper products, the Board's paper conservation campaign, initiated in 1943, was continued and intensified during the past year. This program was given considerable impetus by the restrictions on the use of commercial printed matter which had been imposed in November, 1943, and by the reduced quantities of new wrapping paper, boxes, and shipping cases made available under quota controls introduced in the first half of 1944.

Responsibility within the Board for the financial assistance given to voluntary salvage organizations and waste paper dealers was transferred from Wartime Salvage Limited to the Used Goods Administration. In co-operation with the Department of National War Services, the increased support of civic authorities and large institutions was secured and the monthly volume of waste paper salvage improved. Increased co-operation from trade and industry as well as the consuming public, both in the re-use of paperboard containers and in the salvage of all kinds of paper products for repulping, materially assisted in supplementing supplies of virgin pulp. Waste paper inventories of the consuming mills continue, however, to be seriously depleted and the need for paper salvage is undiminished.

IX. LUMBER AND LUMBER PRODUCTS

The supply and price problems in the lumber and lumber products fields are largely a consequence of the shortage of labour for woods operations, of the increase in labour costs since the beginning of the war and of the great increase in demand. In this respect, they are very similar to the problems prevailing in the pulp and paper industry (*see* chapter VIII).

A. LUMBER

During 1944, as in the previous year, efforts to relieve the labour shortage included a campaign by National Selective Service to induce more farmers and agricultural workers to go into the woods in the winter, and the employment of prisoners of war for logging. Production for the year was approximately 4,700 million board feet, which is slightly above the 1943 production. Owing to heavy military and export requirements, civilian

requirements were not fully supplied, although substantially the same quantity of lumber was made available for civilian uses as before the war.

After the last adjustment of maximum prices of softwood lumber, which took place in October, 1943*, the Board clarified and standardized the retail price structure of lumber and millwork. In the last quarter of 1943 and during 1944 a series of administrator's orders were issued setting standard maximum retail prices in all areas. In a few cases orders of this type had been issued previously and required only to be adjusted for retail price increases authorized by directives in the interval. In other cases, however, maximum prices had been based on individual basic period ceilings or on representative price lists, with the addition of various authorized increases. The new

* W.P.T.B. Report, Apr.-Dec. 1943, p. 34.

orders thus consolidated the price structure already actually in effect.

In November, 1944, the Board established a differential of \$2 per thousand board feet between the wholesale prices of rough and dressed Eastern spruce lumber. In the basic period this species, whether rough or dressed, had sold at the same delivered prices in the Provinces of Ontario and Quebec. Owing to the rising cost of milling, freight saved by shipping dressed lumber was no longer an adequate offset to producers for the expense of dressing. Increasing quantities of spruce were shipped in the rough state, with the result that dressed material became scarce, custom dressing facilities at the points of destination were overtaxed and the final cost of dressing to retailers and consumers was considerably over \$2 per thousand board feet. The differential has been designed to bring dressing mills at the point of origin back into use and by this means to increase the supply of dressed lumber. At the same time specific maximum charges for in-transit dressing in Eastern Canada were established to encourage the use of in-transit dressing mills, many of which had been unable to operate at basic period rates.

B. WOODENWARE

The shortage of wooden containers became acute in the spring of the year as a result of large military requirements, and increasing exports of foodstuffs. The Board, therefore, took control over the allocation of containers to users and gave priority on deliveries of containers for government departments and those required for essential foodstuffs.

X. METAL CONSUMER GOODS

During the period of expanding war production, metal consumer goods were among the chief civilian casualties. The production of many household articles was discontinued and the output of many other civilian articles was drastically cut. In 1944, as the war program levelled off, there was a slight improvement in the supply of metals for the production of civilian commodities. Shortages of fabricated metals still persisted, however, owing to manpower problems as well as to the heavy continuing war demands.

The increased lumber prices permitted in the autumn of 1943 and earlier were reflected in growing pressure on production costs of woodenware in the beginning of 1944. The subsidies which were arranged in 1943 to keep down the costs of fruit and vegetable containers and apple barrels to growers in Eastern Canada, were again authorized in 1944, with some adjustments reflecting experience gained in the previous year and the changed conditions in 1944. The subsidy on cheese boxes was extended to cover the 1944 season and further subsidies were arranged to keep down the cost of butter boxes and egg crates. All these subsidies had the object of securing the required output, while keeping down prices to users.

Specific maximum prices for other boxes and shooks were set in February, 1944, in order to generalize price increases previously granted to individual manufacturers. Prices were set at levels taking into account some of the increases in lumber prices and other costs since the basic period. To hold this price structure, however, it was found necessary to authorize subsidies for manufacturers in a number of regions.

In addition to the container subsidies, a series of special subsidy arrangements have been made with individual firms producing a number of other wooden products. These arrangements are suited to the needs of the individual firms concerned, but in all cases subsidy payments are limited so that they do not raise the recipient's profits above a specified level. The articles concerned are usually those designated as essential by the administrator and range from thread spools to ladders.

The depletion of dealers' stocks and the wearing out of articles in use, as well as the urgent demands from new households had created serious shortages of many types of appliances. The Wartime Prices and Trade Board, therefore, sought to assure a moderate output of essential metal goods, making full use of residual metal supplies, surplus materials and plant facilities resulting from shifts in war production. By revoking many of its orders prohibiting or restricting the production of particular civilian goods, the

Board enabled manufacturers to use surpluses of materials and facilities for civilian production as soon as they became available. There was some improvement in the overall production of metal articles, in spite of the continuing shortages of suitable labour and of a number of materials which characterized the period under review.

A. METAL SUPPLIES

During the first nine months of 1944, the supplies of such primary metals as copper, iron, steel, aluminum, magnesium, zinc, and lead improved sufficiently to enable the Wartime Industries Control Board to relax its controls over their allocation.* Steel sheets, malleable iron castings, nickel, tin, and copper tubing, however, remained in very short supply throughout the year. Moreover, the general shortage of labour precluded any considerable increase in the output of metal consumer goods even where materials were available. During November and December, the expansion of the ammunition program resulted in a tightening of the supply of brass and copper in the form of tube and strip, as well as of steel sheets.

B. PRODUCTION PROGRAMS

During 1943 and 1944 a number of "production programs" were developed by the Board to provide a limited supply of certain necessary household appliances such as washing machines and electric stoves. The programed output was intended to meet, so far as feasible, essential replacement needs and the urgent requirements of new households.

Under these programs a quota, usually representing a proportion of the production in a basic year, was assigned to each participating manufacturer. Production schedules were developed in consultation with the Wartime Industries Control Board and, in some cases, with the United States War Production Board, to ensure that they would not interfere with war production and that necessary priority ratings for imports of materials and components could be obtained. While the programs provided that orders for materials required for scheduled production would be given priority over less essential orders, there was no certainty that materials, labour and plant facilities would, in fact, be available. Shortage of

labour has been the main factor holding up production, though shortages of steel sheets, malleable castings, roller bearings and small motors also played a part.

Programs for the production of washing machines were first introduced in 1943, the production schedule being revised from time to time. To overcome unforeseen bottlenecks, it was arranged in September, 1944, that where manufacturers were unable to complete their quotas the remaining portion could be transferred to another manufacturer able to complete it. Approximately 27,000 washing machines were produced in 1944, as against about 100,000 in 1940. Production of electric ranges was programed in April and it is estimated that for the period April 1, 1944 to March 31, 1945 production will reach 12,000, which is about 40 per cent of 1940 production. Supplies to consumers in 1944, though far from plentiful, improved sufficiently to permit suspension of permit rationing of electric ranges in March.

Steps were also taken during the year to facilitate a limited production of other articles including domestic sewing machines, bicycles, electric irons, rangettes and hot plates, water heaters, heating pads, ice boxes and flatware, as well as farm machinery (*see page 25.*) Special efforts were made to increase the production of warm air furnaces (*see page 38.*)

With the introduction of a system of "spot authorization" in the United States it was no longer necessary to continue all of these programs. Under the spot authorization plan, introduced in August, 1944, the War Production Board may release quantities of material for the production of an article normally prohibited or restricted by an order of that Board, provided the firm applying for the authorization can produce that article without interference with the war program. Because of the dependence of Canadian manufacturers of some durable goods on United States components and because of the fair share principle which exists to such a marked degree between Canada and the United States, this plan has a significant application to Canada. Thus, a Canadian manufacturer may apply for spot authorization of United States material for the production of metal goods through the Priorities Officer of the Department of Munitions and Supply. The approval of an application by the Priorities Officer (usually after consulta-

*For the division of responsibility between the Wartime Prices and Trade Board and the Wartime Industries Control Board, see the W.P.T.B. Report Apr.-Dec. 1943, pp. 37-8.

tion with Wartime Prices and Trade Board) constitutes an assurance that the production contemplated will not interfere with the war program. If the article to be made is prohibited by the Wartime Prices and Trade Board, a permit from the appropriate administrator is needed, but this is seldom denied. A number of Wartime Prices and Trade Board production programs were discontinued, since imports of components and materials for these articles now received as high priority ratings under spot authorization as they had previously received under the programs. At the end of the year, however, programs were still in operation for the production of domestic washing machines, electric ranges, vacuum cleaners, domestic ice boxes, bicycles, farm machinery and small arms ammunition.

Other essential articles were given priority in the delivery of materials by less formal arrangements. As in previous years, special allocations of tinplate and blackplate were obtained for the production of metal containers, but production plans had to be changed from time to time in accordance with changes in the supply of these metals. The use of metal containers is controlled by a system of quotas, and the packing of many foods and non-food products has had to be transferred to glass and paper containers since the loss of tin supplies from East Asia. In the fall and winter of 1943-44 there were signs of an easing in the supply of steel sheet and on April 1, 1944, quotas for various uses of metal containers were raised, and metal containers were permitted for a number of processed foods and non-food products previously restricted to glass and paper packages. This provided some relief from the shortage of glass and paperboard containers that had developed. Steel sheet supplies tightened again in the spring and summer, and in July an order was issued safeguarding tinplate supplies for essential fruits and vegetables by restricting temporarily the packing of various other foodstuffs during the third quarter of 1944. In September, however, supplies of tinplate and blackplate had improved again and the restrictions introduced in July were revoked, while the quotas for various apple products were increased, in view of the exceptionally large crop.

C. REVISION OF CONTROLS

The bulk of the metal end product orders of the Board, prohibiting or restricting the production of various articles and imposing standardization and simplification measures, were revoked during the year. While many metal consumer goods were thus freed from formal restrictions, their actual production depends on the availability of materials and labour. The removal of these restrictions does, however, enable manufacturers to take advantage of changes in war production schedules and to make plans for the reconversion period.

The Board's metal goods restrictions had been imposed at a time of acutely short metal supplies and roughly paralleled similar restrictions in the United States. Their revocation did not prejudice war activities in view of the existence and development of more direct controls over the use of primary metals, plant facilities and labour exercised by the Wartime Industries Control Board, the Department of Munitions and Supply and National Selective Service. It was also in line with developments in the United States.

The control over primary metals exercised by the Wartime Industries Control Board makes it possible to ensure that orders for war contracts and urgent civilian requirements are met before less essential civilian orders are filled. This is well illustrated in the case of aluminum kitchen utensils, the production of which ceased in 1940 through the control over primary aluminum by the Metals Controller, without being restricted by any formal order. Early in 1944, however, improved supplies made it possible to release considerable quantities of aluminum for the fabrication of kitchen utensils with the approval of this Board, but shortage of manpower and plant facilities prevented any appreciable production until later in the year. Total production for 1944 was probably around 20 per cent of the 1940 output. At the beginning of 1945 increased war orders for aluminum sheet forced a drastic cut in the proposed allocation for all civilian products.

The Board's conservation and simplification programs, at the time of their introduction, were imposed primarily for the purpose of conserving scarce materials on the one hand and cutting down operating costs on the other. In practice, of course, there was not always a clear dis-

inction between the two programs, as a measure introduced for one purpose often served the other.

In some cases, however, the restrictions which had been imposed to conserve scarce materials resulted in increased costs and lowered quality. The use of steel as a substitute for brass and copper in builders' hardware and plumbing supplies, for example, conserved brass and copper but lowered the quality of the manufactured products. The elimination of steel in the production of buttons for work clothing resulted in an inferior button made from such substitutes as bone, wood or shell. The removal of these restrictions permitted manufacturers to return to cheaper and better quality production when materials were available. Other simplification measures, such as the elimination of off-standard lengths and gauges of nails, screws, rivets, etc., did often result in economies to manufacturers. Though these were also revoked they may be continued on a voluntary basis by manu-

facturers. It should be noted that the Wartime Prices and Trade Board will not grant a price increase to meet an increase in costs resulting from abandonment of simplification measures by a manufacturer.

Though by the end of the year only twenty-six restrictive metal orders remained in effect, those that were continued were among the most important. The production of a number of household appliances—radios, phonographs, electric ironers, electric refrigerators and vacuum cleaners—is still prohibited, except under permit, as is the production of filing cabinets, desks, and other office equipment when made of metal. Standardization requirements and sale restrictions continue in force for major commercial and industrial electrical equipment and appliances, as well as for construction machinery and office machinery. In addition, the manufacture of a few urgently needed articles is still controlled by the administrator, so as to facilitate programming (*see* page 32).

XI. CONSTRUCTION PRODUCTS

As a result of the congestion of industrial and military population in various centres, the demand for housing continued to increase. Under permits issued by the Department of Munitions and Supply, contracts were let for residential construction on a scale which, although necessarily short of meeting current demands, was higher than in either of the two immediately preceding years and substantially higher than the pre-war level. As a result of this activity in residential building, combined with construction of hospitals, barracks, industrial plants, etc., the demand for bricks, cement blocks, soil pipe, lumber, heating equipment, bathtubs, and other construction products increased. Supply at the beginning of 1944 was unusually low and the outlook for increased production unfavourable.

The production of bricks, for example, dropped from 209 million in 1941 to 139 million in 1943 and, with declining stocks, unfilled orders for bricks increased from 3.5 million on March 1, 1944, to 35.5 million on August 1 and to 41.9 million on December 31. The output of hot air furnaces declined from 31,802 in 1941 to 22,818 in 1943.

The shortage of construction products was for the most part due to shortages of labour. Only seven of the seventeen Canadian manufacturers of cast iron soil pipe were operating their plants. Out of 127 brick and tile plants in Canada only 49 (accounting, however, for about 89 per cent of total capacity) were in regular operation, and 15 of these do not operate in the winter months. Though the facilities of these 49 plants would be adequate to meet the total demand if sufficient manpower could be obtained to operate them to capacity, this has not been feasible.

The shortage of warm air furnaces became so serious that in June, 1944, their distribution was placed under control and every purchaser required to present an essentiality certificate to his supplier. Such certificates were granted for new buildings, but for replacements they were granted only if the installed furnace was not in sufficiently good condition to remain in service for another year. Manufacturers were urged to increase output, and production in 1944 reached approximately 28,000, more than 5,000 above the 1943 figure. As a result of this improve

ment it was possible at the end of the year to remove the restriction on sales.

While it is the Government's policy to permit essential housing construction to the extent that it is feasible to withdraw labour and scarce materials from urgent war production, the requirements of the armed forces and the munitions program have made it difficult to find labour for civilian construction and construction products. The Board has been successful

in obtaining through National Selective Service higher labour priorities for a number of establishments engaged in the production of building materials, and the production of brick was increased from 139 million in 1943 to 164 million in 1944. In view of the overall shortage of labour, however, it continues to be extremely difficult to provide building materials and components in proportion to continuing requirements.

XII. RENTALS AND SHELTER

The past year has been one of increasing problems in the field of rentals and shelter. The continued demand of war workers, servicemen and their families in congested areas, coupled with the difficulties of providing materials and labour for new construction, described in the previous chapter, placed a heavy strain on already inadequate housing facilities.

A. RENT AND EVICTION CONTROL

While the Board had generally revised its rent control regulations in October, 1943*, a large number of eviction notices in certain areas of acute housing shortage, on the grounds that the landlord desired the accommodation for himself or some member of his family, necessitated a tightening of the regulations early in January, 1944. The amendments were chiefly concerned with multiple family dwellings, in which the majority of eviction notices had been served. They provided that a landlord could evict a tenant if he desired the accommodation as a personal residence for himself (and then only if he did not already reside in another unit in the same building or another multiple family building owned by him in the same municipality). He is no longer permitted to evict a tenant in favour of another member of his family. But in the case of a single family dwelling, the landlord may still secure the accommodation for the use of himself or a member of his immediate family. Notices given under this provision contain a statement signed by the prospective occupant that he has agreed to occupy and will occupy the accommodation for at least one year. A notice to vacate by the landlord is required to be on the form prescribed by the Board, copy of which is filed with the Rentals Appraiser who acknowledges this filing on the copy to be

given to the tenant. This provision enables the Board to know the exact number of eviction notices which will take effect at any given date and assists in preventing unnecessary inconvenience occasioned by improper or invalid notices.

Under the previous regulations, maximum rentals provisions applied to the rentals charged for shared accommodation, *e.g.* flats, rooms, etc., but the eviction provisions did not apply, such leases being subject to termination under provincial law. It had been hoped that accommodation which had not previously been made available would be opened up if it were possible to recover early possession of the accommodation should the arrangements not prove satisfactory. A check of housing registries revealed that little, if any, new accommodation had been opened up through these concessions. In many instances, landlords had taken advantage of the change and attempted to secure higher rentals by threatening eviction, tenants accepting these increases for fear of losing their accommodation.

To prevent abuses the Board extended the protection from eviction enjoyed by occupants of houses and apartments to tenants of shared accommodation. Under the amended regulations tenants of shared accommodation must receive six months' notice, when the landlord desires the accommodation as an extension of his personal residence or as a residence for a member of his immediate family, with the further protection to holders of weekly or monthly leases that they may not be asked to vacate for that reason between September 30 and the following April 30. It was felt that it would be impracticable to apply this length of notice to boarders, who are entitled to take their meals with the landlord and his family and live in much closer association with his household than do roomers. Only well-behaved tenants are

*W.P.T.B. Report, Apr.-Dec. 1943, p. 41.

protected by these amendments, and special safeguards have been provided to permit dispossession of tenants whose personal conduct is incompatible or obnoxious to other occupants of the same building. Early in the fall a further order was passed authorizing the Regional Rentals Officer to grant exemption from the provisions just described in unusual cases where it would be a hardship to hold the parties to the full length of notice. Shared accommodation in certain congested areas, such as Halifax, Montreal and Kingston, was not covered by the eviction control regulations as it was considered that adequate and effective control already existed in these areas where, for some time, special regulations involving registration and rate fixing had been in effect.

With the easing of pressure on the commercial rental ceiling, and as a first step in the decontrol of rentals, eviction control had been removed from commercial accommodation in the fall of 1943. Following this an abnormal number of commercial tenants were required to vacate, to enter into long-term leases which imposed onerous terms or to purchase property to avoid eviction. Accordingly, the Board restored security of tenure to commercial tenants as of January 2, 1945. At the same time, to assist the Board in assessing the extent and form of the conditions which had developed, a permit system was established in connection with the giving of eviction notices. After operation of the system for a short time the length of notice to vacate was changed from three to six months and further restrictions were placed on acquiring tenant-occupied accommodation for expansion purposes.

Another evidence of the congested conditions existing in certain areas was the renting of tourist cabins and auto trailers for lengthy periods. These often continued to be rented at daily rates which were, in almost every instance, higher than those generally prevailing for similar accommodation rented for a longer period. In July, 1944, the Board required that, in areas specially designated by the Rentals Administrator, tourist cabins and auto trailers should be classified as "housing accommodation" and maximum rentals should be set. (Cabins and trailers kept available at all times for occupancy by tourists may be exempted by the Regional Rentals Officer.) Areas that have been specially designated by the Administrator

in this connection include the City and County of St. John, N.B., Carleton County, Ontario, Winnipeg and Dauphin, Manitoba, and all of the province of British Columbia.

Evasion of the maximum rental regulations had been possible through certain practices which had never been customary in leasehold transactions but which were encouraged because of the difficulty that tenants experienced in securing accommodation. The most prevalent of these abuses were those requiring prospective tenants to purchase furniture at excessive prices, to pay special commissions, bonuses or rewards or to pay several months' rent in advance. The Board, therefore, issued an order effective November 30, 1944, under which no person letting accommodation may require a prospective tenant to pay more than one month's rent in advance, nor may he charge or receive any commission, bonus or reward. If furniture is rented or sold the rental or selling price must be set by the rentals appraiser. The Rental Administrator is given power to issue special directives if, in his opinion, any term imposed on a prospective tenant is unreasonable or unjust.

B. EMERGENCY SHELTER REGULATIONS

The shortage of accommodation in the larger cities has been presenting a more and more serious problem and has become increasingly acute with the arrival of each spring and fall moving season. Although the federal government had been pressed from many quarters to assist in finding shelter for people in crowded areas, it was reluctant to extend its activities into a field of municipal and provincial jurisdiction which could best be dealt with on a local basis. In 1942, the Department of Munitions and Supply introduced a form of control into Halifax, which was subsequently extended to include all Atlantic ports. In December, 1944, conditions in certain areas had developed to such a point that the Government decided to give to the Wartime Prices and Trade Board broad power to coordinate "all activities relating to the transfer of population into such areas and to the control and use of available shelter therein".

The government recognized that there were special problems peculiar to each area and that full co-operation of the local groups affected would be essential to the successful administration of the new

regulations. It therefore proposed to apply the new powers only with the expressed approval of the municipality concerned.

Montreal, Ottawa, Toronto, Vancouver and Victoria were designated as congested areas under the regulations shortly after the announcement of the plan. Early in January, 1945, Emergency Shelter Administrators were appointed for these cities with the exception of Montreal, where the local authorities decided not to come under the scheme, and soon afterwards further appointments were made for Hamilton and Hull.

One of the principal duties of an administrator is to coordinate the efforts of all organizations, both public and private, at present concerned with various

aspects of the housing problem, with a view to promoting the utilization of available dwelling space to the best advantage. For this purpose the existing Housing Registries have been transferred to the jurisdiction of the Emergency Shelter Administrators.

In announcing the new regulations the Minister of Finance pointed out that "the serious shortage of housing accommodation cannot be entirely relieved by new construction during wartime because of unavoidable scarcities of labour and material". He added that it was not expected "that the appointments of these administrators will suddenly solve the troubles of everybody in finding shelter in these congested areas . . . however, the situation should be considerably eased".

XIII. SERVICES

The Services Administration has jurisdiction over the price and supply of services* assigned to the Board by its basic Order in Council P.C. 8528 of November 1, 1941, as amended, except insofar as the supply of transportation services comes under the jurisdiction of the Canadian Shipping Board or of a Controller of the Wartime Industries Control Board.

While the functions of the Services Administration cover the adequate supply and distribution of essential services, its principal concern has been with pricing problems, particularly in recent months when the establishment of new businesses has involved many applications to the Services Administrator for the fixation of approved maximum prices. Such prices are established at basic period levels.

Shortage and inefficiency of labour have been the main causes of pressures on the service price structure. Some upward adjustments have been permitted in par-

ticular cases but such increases have been relatively few in 1944 and have had only slight effect on the basic period price structure for services. So far as practicable such authorizations are limited to cases in which the price increase can be absorbed by business customers of the applicant so that increased retail prices do not result.

Many of the services coming under this administration are also subject to the jurisdiction of federal, provincial or municipal rate fixing bodies with whom the administrator maintains close contact. Applicants for price increases in these fields are required to present their cases in the first instance to the peacetime authority. If such authority considers a price adjustment warranted its order authorizing the same is submitted to the Services Administrator whose concurrence is required before the order can become effective.

An important change in the duties of the Services Administration occurred on September 18, 1944, with the transfer to the Transit Controller (Wartime Industries Control Board) of the jurisdiction and administration of restrictive regulations affecting motor trucks and trucking. Control over trucking rates remains with the Services Administration.

* These services embrace electric power, gas, water, steam heat, telegraph, wireless and telephone, the transportation of goods and persons, dock, harbour and pier facilities, warehousing and storage, undertaking and embalming, laundering, cleaning and dyeing, services provided by barber shops and beauty parlours, painting, decorating, cleaning, renovating, repairing, plumbing, heating, the renting and exhibiting of motion pictures and the supplying of meals, refreshments and beverages.

XIV. CONSUMER CREDIT

There has been no substantial revision of the Board's regulations governing consumer credit transactions since early in 1943*. From time to time directives have been issued dealing with particular problems and several of these directives were incorporated in an amending order effective early in January, 1945. At that time, also, the provisions dealing with advertising were strengthened, minor changes were made in the loan section to bring it into harmony with the revised Bank Act and the Farm Improvement Loans Act, and fuel of all kinds was removed from consumer credit control. The chief requirements of the regulations in connection with the sale of goods remain a cash down payment of one-third of the purchase price of most consumer goods, payment of the balance in from six to fifteen months, and no purchases on charge accounts in default. The trend since the institution of the consumer credit regulations has been steadily towards cash sales and away from instalment sales. While this tendency to pay cash is in large measure the result of increased purchasing power in the hands of the public, there can be no doubt that the credit regulations have had a significant effect.

The decreased importance of instalment sales is clearly shown by the following figures taken from a recent survey by the Board of the retail transactions of a large group of stores which normally carry on an extensive instalment business:

Type of Store	Proportion of Instalment Sales to Total Sales			
	1941	1942	1943	1944
	(January to June)			
Department.....	15%	9%	8%	7%
Clothing.....	22	15	14	12
Fur.....	46	44	45	36
Furniture.....	65	52	43	37
Jewellery.....	23	16	13	11

During this period, the total sales of the reporting firms increased by 24 per cent while their instalment sales decreased by nearly 40 per cent. The improvement in the liquidity of the stores concerned is indicated by the fact that instalment credit outstanding declined even more rapidly, by 71 per cent from June 30, 1941, to June 30, 1944.

The proportion of charge account sales to total sales remained fairly stable in department and clothing stores, declined from 29 per cent to 19 per cent in jewellery stores, and increased from 15 per cent to 23 per cent in furniture stores and from 26 per cent to 30 per cent in fur stores.

The growing proportion of cash sales is shown by the following table:

Type of Store	Proportion of Cash Sales to Total Sales			
	1941	1942	1943	1944
	(January to June)			
Department.....	68%	73%	75%	76%
Clothing.....	53	60	62	64
Fur.....	28	31	30	34
Furniture.....	21	29	36	40
Jewellery.....	48	65	69	70

The number of stores doing a high proportion of their business on an instalment or charge basis has decreased notably while the number doing a large proportion of cash business has much increased:

Cash Sales as a Proportion of Total Sales	Percentage of stores in	
	1941	1944
Less than 25%.....	30	12
25-49.9%.....	31	27
50-75%.....	24	32
over 75%.....	15	29

XV. ENFORCEMENT

Despite the modification of some controls over production and the removal of meat rationing during 1944, the volume of work handled by the Enforcement Administration was substantially heavier than in 1943. In fact, the whole organization both at Ottawa and in the field

worked throughout the year under severe pressure which showed no signs of being alleviated. Nor was there any corresponding increase in the staff available for enforcement purposes because of the growing difficulty of obtaining investigators and other officers with the required technical background and experience. Time and effort were carefully

* The purpose of the consumer credit regulations was fully described in the W.P.T.B. Report, Sept. 1939-Mar. 1943, pp. 5-6 and 56-7.

allotted with a view to giving continuous attention to the more important controls, compliance with which could best be checked by regular inspections, and to difficult situations which arose from time to time.

Regular inspections at the retail level continued on a wider scale than in 1943, with greater emphasis on the clothing field. The extension of labelling and invoicing requirements facilitated enforcement action in the textile field, because it became possible to identify the source and the manufacturer's ceiling price of a garment sold at the retail level. A regular system of inspections for the direct purpose of checking the prices of any manufacturer or wholesaler or his compliance with a rationing order, can, however, be carried out effectively only by investigators with some accounting or trade knowledge.

A. BLACK MARKET PROBLEMS

During 1944, critical shortages of certain goods, both rationed and unrationed, gave rise to black market transactions on a scale which was wider than in 1943. The existence of organized black market operations became apparent and called for intensive investigational programs and a stringent prosecution policy.

Difficulty in checking transactions in used motor vehicles gave rise to widespread evasion of ceiling prices by means of various fraudulent devices which were employed by dealers and private individuals. In this field the work of the Enforcement Administration was at first hampered by the very real difficulty of framing effective legislation, but the situation has been materially improved by revisions in the regulations both during the year and immediately after its close. Black market tendencies in textiles were also apparent and investigations centred on anonymous middlemen who left no documentary evidence behind them but who, by making scarce goods available to the trade at their own prices, became unwanted links in the chain of normal distribution and thereby raised consumer prices to illegal levels. In the field of food rationing there was little evidence of organized bootlegging by consumers, but it became apparent that sources existed from which industrial users and quota users of sugar and butter could obtain these commodities without ration docu-

ments or increase their quotas by illicit acquisition of ration documents. The practical difficulties of uncovering black market transactions such as those outlined above and in getting sufficient evidence to take proceedings against the offenders are great, since no one who is a party to such a deal has any incentive to make disclosure or complain to the Board. However, by the ingenuity and vigilance of the Board's field staff and the R.C.M. Police and Provincial Police, a measure of success was achieved.

B. IMPORTANCE OF PUBLIC SUPPORT

Success or failure of wartime economic controls depends in large measure on the extent to which they are accepted by the public. Experience has shown that the majority of the public will willingly comply with a control which is regarded as necessary and equitable, but firm measures are expected to be taken against the unco-operative minority. While in extreme cases it has been necessary to suspend the license of an offender, the normal recourse is prosecution through the Courts, the penalty for the infraction being in the discretion of the presiding judge or magistrate. To be effective, the sentence of the Court should not only penalize the offender and act as a deterrent to others but should also be regarded by the normally law-abiding majority as evidence that the Courts will require strict observance by everyone of the Board's regulations. In many cases relatively small fines achieve this purpose, but when a nominal fine is imposed on an offender who has been notoriously disregarding the law and whose offences have been proven in open court, the result may be a weakening of public support.

To guard against this, efforts are made by the Board to ensure that counsel conducting prosecutions can put before the Court not only the facts and the law but also the purpose of the particular regulation which has been contravened, so that the danger of permitting the offender to go virtually unpunished may be apparent to the Court. The marked increase during 1944 in the number of heavy fines imposed for flagrant offences is an indication of the support that has been obtained from the Courts, but more public criticism has been heard that penalties were too light than that they were excessive.

C. POLICY AND SUMMARY OF PROSECUTIONS

There has been little change in the past year in the policy of the Enforcement Administration towards suspected offenders. Legitimate explanations and extenuating circumstances are carefully weighed by Enforcement Counsel in the field and by the Enforcement Administrator at Ottawa before prosecution is undertaken, and technical or trivial infractions are disposed of by warning the offender and checking to see that he mends his ways. In the application of this policy, however, there has been less readiness to accept the kinds of explanation which were acceptable in 1942 or 1943, particularly where there was evidence that the offender, through previous dealings with the Enforcement Administration or other divisions of the Board, had had ample opportunity to find out his position and prevent infractions from continuing.

The Enforcement Administration continued to act as an enforcement agency for Controllers of the Department of Munitions and Supply. It was necessary to increase the time spent on enforcement of the Oil Controller's orders rationing gasoline, since the widespread evasion by dealers and consumers which existed in 1943 through the use of loose and counterfeit coupons showed no signs of abating during 1944 and, in certain districts, assumed proportions which indicated that more highly organized methods

were being used to distribute and obtain bootleg gasoline.

For offences against the regulations and orders of the Board 4,166 prosecutions were completed during 1944 as compared with 3,663 during 1943 and 1,201 during 1942. Of these 4,166 prosecutions, 2,490 related to prices of goods and services, 444 to rentals of real property, 648 to food rationing, and the remainder to offences against various other orders of the Board. During the same period, 3,540 prosecutions were completed on behalf of Controllers, as against 1,482 in 1943; 2,558 of these prosecutions were for gasoline offences, as compared with 1,003 during 1943.

It would be unfair to the vast majority of law abiding retail and wholesale merchants, distributors, manufacturers and suppliers of all kinds if a report on the enforcement section of the Board's work did not contain a tribute to the co-operation and assistance generally provided. There can be no question that the very real determination of the majority is to carry out both the spirit and the letter of these wartime regulations. Nevertheless, there are selfish and unscrupulous people who ignore the general interest and scrutinize every order and regulation to discover ways and means of evading or avoiding the intention of these wartime rules wherever they conflict with their own desires. Such conduct makes the task of framing regulations immeasurably more difficult and adds a great deal to the burden of enforcement action.

XVI. BOARD ORGANIZATION

To carry out the numerous activities summarized in the preceding chapters, the Board maintains a staff of about 5,000 employees. The administrative organization of the Board may be divided into three parts: (1) Head Office Divisions, organized on functional lines, (2) Administrations, each dealing with a particular industry or trade, and (3) Regional and Local Offices. Subsidies and bulk purchases in connection with the Board's work are administered by three Crown Companies associated with the Board: Commodity Prices Stabilization Corporation Limited, Wartime Food Corporation Limited and Canadian Wool Board Limited*.

A. HEAD OFFICE

The Head Office Divisions develop administrative policy and co-ordinate the activities of the Administrations and the field staff. The Prices Division, Supply Division and Distribution Division, for instance, make recommendations to the Board on matters of policy and review administrators' proposals for the introduction, change, or removal of restrictions and controls. Other examples of their work are the negotiation for foreign supplies (by the Supply Division), financial investigations in connection with subsidies and price adjustments (by the Prices Division), meeting rationing and distribution problems (by the Distribution Division), the co-ordination of

* See Appendices A, B and C.

statistical data regarding supplies, costs and prices, and so on.

Other Head Office Divisions deal with various general problems affecting the Board as a whole—*e.g.* enforcement, economic research and statistics, information, personnel, consumer relations, and the requirements of labour for consumer goods industries (Industrial Division). The Consumer Branch, for example, is an important “two way” channel; through it the views of consumers are brought to the attention of the Board while at the same time information is passed on to housewives and other consumers regarding Board activities and regulations. This Branch has organized 116 Women’s Regional Advisory Committees and sub-committees composed of 16,000 voluntary representatives of local women’s organizations. The views of organized labour as consumers are conveyed to the Board through about 400 voluntary labour liaison officers associated with the Consumer Branch representing about 80 per cent of all labour unions. These contacts have also helped the Board in explaining Board policy and regulations to labour organizations.

The Board maintains offices in London and Washington to provide contact with government departments in those centres. The Washington office is much larger than that in London, since, in addition to its other functions, it assists in Wartime Prices and Trade Board negotiations there with the Combined Boards, which co-ordinate United Nations’ supplies of a large variety of foods and civilian materials.

B. ADMINISTRATIONS

The Administrations of the Board are, in most cases, grouped under broad co-ordinations such as textiles, foods, etc., (see Appendix B), and, with the exception of the Ration Administration, deal with the problems of a specific industry or trade. They are in direct contact with business and are responsible for the administration of Board policy. The work done in the Administrations varies greatly from one to another. Some Administrators have to deal with a large number of small firms, such as those in the secondary textile industry, while others deal with only a few firms. Hence, there are great differences in the amount of paper work and formal direction required. Some administrators are concerned very largely with efforts to ensure the best use of

available materials and to obtain maximum production, working in close contact with the Supply Division and directing production on the basis of a comprehensive plan, as in the cases of farm machinery and children’s clothing. Others have no direct control over production and are concerned largely with the distribution of supplies and with pricing problems (*e.g.* those dealing with primary foods, the production of which comes under the jurisdiction of the Department of Agriculture and the Department of Fisheries). Others again are concerned mainly with pricing problems (*e.g.* the Services Administration, and the Used Goods Administration). The Ration Administration has responsibility for the mechanism of distribution of rationed commodities, whose supply, however, comes under the jurisdiction of other parts of the Board and, in some cases, of other governmental bodies. Many administrators are assisted in their work by advisory committees consisting of members of the industry. This system of advisory committees has facilitated the co-operation of industry and has greatly assisted the Board in establishing workable regulations and controls.

C. REGIONAL AND LOCAL OFFICES

The Board’s main points of contact with the community are the Regional and Local Offices in which about 60 per cent of the Board’s staff is employed. A great deal of the administrative and enforcement work in connection with the Board’s regulations is carried out in these offices. They handle a multiplicity of problems, including applications, questions, investigations, complaints and requests from all sections of the public. So far as possible, all such matters are dealt with in the regional or local offices. It is only when problems cannot be resolved there that they are passed on to the appropriate administrator or Head Office Division. Recently there has been an important delegation of price-fixing activities to Prices and Supply Representatives.

There are fourteen Regional Offices, 111 Local Offices and seven Sub-Local Offices of the Board, varying greatly in size and composition. The Prices and Supply Representative in charge of the Regional Office has general supervision over the Board’s work in each region. The Regional Office contains a number of departments, each with an appropriate staff, representing various administra-

tions and Head Office Divisions. In the course of time it has become possible to decentralize a good deal of day-to-day work and assign it to the Regional and Local Offices. An outline of their functions will indicate the scope of the work done.

The Enforcement Counsel and his assistants in the Regional Office, with the co-operation of the Chief Investigation Officer and his staff of investigators, are responsible for investigations to detect infringements of Board regulations, acting on their own initiative, on instructions from Head Office or as a result of local complaints. Where necessary, appropriate action is then recommended to Head Office. This department also enforces certain Controllers' regulations (gasoline rationing, tire rationing, etc.) on behalf of the Department of Munitions and Supply.

The Information Branch of the Board is represented in the Regional Offices by field representatives who keep in touch with the local press and radio and public opinion generally. They are responsible for interpreting the Board's activities in terms of the problems of their region, and for reporting back to Head Office public reaction as a guide to future administrative action.

The Ration Administration requires a large field staff and numerous local ration offices. Besides the routine administrative work connected with rationing regulations—e.g. applications for quotas, requests for special treatment on medical grounds, and numerous requests and inquiries on all manner of subjects from consumers and institutions—the ration offices also undertake surveys and investigations on the use of ration documents and rationed commodities, co-operating with enforcement personnel where necessary. In addition, there are 574 local ration boards with a staff of 6,029 workers, most of whom give considerable time to this work without remuneration. These boards deal with a variety of local consumer rationing problems, on which, within the framework of Board policy, decisions can best be made by those having a detailed knowledge of local conditions. Their most important and onerous duties, however, are in connection with the regular issue of ration books to civilians, and the distribution of books to returning members of the armed forces. The chairman of the local board is usually the

mayor or reeve of the municipality involved and members represent a cross section of the community.

Regional and local officers of the Rentals Administration deal with applications for variations in rentals, rent fixation for newly rented accommodation, notices to vacate, disputes, etc. At the end of the year the Board's staff was being enlarged by the appointment of Emergency Shelter Administrators in certain congested areas with broad powers to control the use of housing accommodation. These are separate from the Rentals Administration.

The typical Regional Office also contains a Foods Section dealing with local problems of pricing and distribution and a Services Section concerned with such problems as prices charged by local restaurants, laundries, etc. There is a Farm Equipment Rationing Officer handling applications for permits to purchase rationed equipment, and a Tire Ration Officer controlling the distribution of tires on behalf of the Department of Munitions and Supply.

D. CHANGING ORGANIZATION AND PERSONNEL PROBLEMS

Within the framework of the Board's organization, administrations, divisions, sections and offices have changed and developed to meet new tasks and to make the best use of available personnel. New offices have been set up, while others have been discontinued or merged. During the past year emphasis has been on consolidation and contraction, largely rendered necessary by the loss of key personnel, but also due to the withdrawal of some controls and the practicability of administering existing controls with a smaller staff than was required to establish them.

The Metals Co-ordination was reorganized in April, 1944, when the co-ordinator and four of the administrators returned to private business. They had stayed with the Board until it was practicable to merge some of the administrations and to find suitable successors where necessary. The reorganized co-ordination was named the Capital Equipment and Durable Goods Co-ordination and was headed by the former Administrator of Fabricated Steel and Non-Ferrous Metals. Within the co-ordination two administrations were merged into the Wood Products and Metal Containers Administration and three others became the Capital Equipment and Electrical

Supplies Administration. Later this Administration also absorbed the Machine Tools Administration.

A similar consolidation took place in the Distributive Trades Co-ordination, where the co-ordinator and other senior officers found it necessary to return to their normal businesses. It was decided to dissolve the co-ordination as such, since it contained a number of heterogeneous administrations—Services, Ships' Stores, Used Goods, Consumer Credit—which no longer required a common control. The Wholesale and Retail Trade Administrations were combined as the "Distributive Trades Administration" under one administrator—previously a senior officer of the Prices Division. During the past year, the Regional Officers were granted authority to fix prices at retail under certain circumstances, which has tended to decentralize some of the work previously handled entirely by the administration. The appointment of the new administrator from the Prices Division reflects the increasing relative importance of price problems, especially in connection with new lines of goods, particularly imports, and new entrants into business.

After the death of the Real Property Administrator, the office was merged with that of the Rentals Administrator in July, 1944. Other organizational changes during the year were the expansion of the Standards Division (*see* page 12) and reorganization of the Prices Division. In general, these changes indicate the way in which the Board's organization will be adapted to changing conditions and consolidated until it can be finally liquidated.

It is also evident, however, that loss of key personnel is a major factor in causing organizational changes. The Board's staff decreased from 5,447 on December 31, 1943, to 5,102 on December 31, 1944. This was the net result of 2,023 separations and the employment of 1,678 new employees, the crude turnover rate being 38 per cent as compared with 44 per cent in the previous year. Owing to the tendency towards decentralization of administrative work, the field staff was reduced only from 3,164 to 3,121 while the number of headquarters employees fell from 1,310 to 1,110 and the staff of the administrations was reduced from 973 to 871. More detailed analysis shows that during the year the Board lost 185 senior employees (i.e. earning at least \$3,000 or serving without remuneration). Of these senior employees, ninety-eight were not replaced while sixty-eight were replaced by promotions from the Board's staff. Only nineteen were replaced from outside sources. Of the senior employees lost, forty-one had given their services without remuneration.

The Board is thus losing experienced key personnel more rapidly than is compatible with its efficient operation. Many of the officers on loan to the Board are anxious to return to their businesses to cope with reconversion problems and the planning of postwar activities. These men have been instrumental in building up the Board and ensuring the co-operation of industry, and their departure at a time when new problems are still arising is a serious loss.

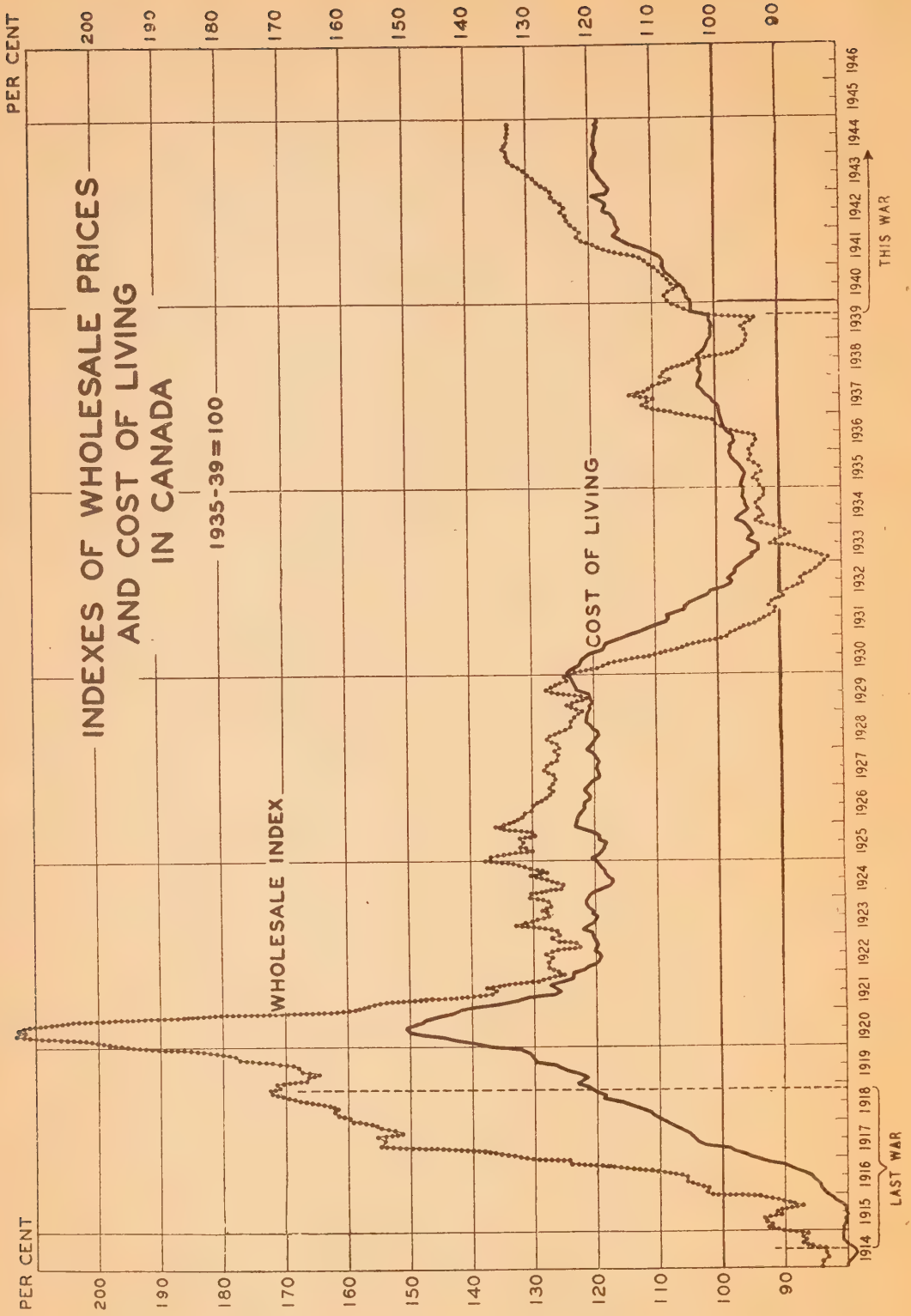
XVII. PRICE MOVEMENTS—August, 1939 to December, 1944

A. GENERAL REVIEW

At August, 1939, the index of wholesale prices was at its lowest level since 1936, due to the depressed condition of many commodity markets, in particular the prices of agricultural produce. Since the beginning of the war, movements in commodity prices fall into four stages. (All the indexes shown are on the base August, 1939=100 and their movements are discussed in terms of the number of points change.)

The outbreak of conflict was followed by a seven month period during which the wholesale price index rose 15 points, the natural result of anticipated shortages

in and greater demand for many classes of goods, and in part due to the 10 per cent discount of the Canadian dollar in New York. The second stage was a short period of recession during the spring of 1940 as a result of unfavourable war developments. This was followed shortly by a rise in wholesale prices, which moved the index up at an increasing rate until the price ceiling was imposed. The period September 15 to October 11 of 1941 was established at this time, as the basic period of an overall price control policy. The prices of farm products followed a similar pattern to that of general wholesale prices, though they declined con-



siderably more during the recession in the spring of 1940; their net increase over the entire period from the outbreak of war to the establishment of the ceiling was just a little less than the increase in the wholesale price index. The cost of living which had risen only moderately up to the early part of 1941 was beginning to rise sharply and in the six months prior to the ceiling was rising by an average of over a point per month.

The last phase includes more than three years of wartime controls and, though a remarkable degree of stability was achieved in the cost of living, there was still evidence of continued general upward pressure on prices. Wholesale prices rose more than the cost of living, though the rate of increase was much less

than that experienced prior to the overall ceiling and almost ceased during 1944. Farm prices, however, registered large increases in 1942 and 1943. This latter development was in line with the Government's policy of encouraging increased farm production at a time when agricultural labour was in very short supply and extra effort was required from the remaining farm population. By the end of 1943, farm prices had risen to a point where they compared favourably with other prices and bore about the same relationship to the prices of manufactured goods as was the case during the "prosperous" period of the late 'twenties. The following table summarizes the price movements outlined above.

POINT CHANGES IN PRICE INDEX NUMBERS, AUGUST, 1939, TO DECEMBER, 1944
(August, 1939=100)

Index	August, 1939, to March, 1940 7 months	March, 1940, to June, 1940 3 months	June, 1940, to October, 1941 16 months	October, 1941, to December, 1944 38 months	August, 1939, to December, 1944 64 months
General Wholesale Prices.....	+15.1	- 2.1	+16.9	+11.9	+41.8
Farm Product Wholesale Prices*	+22.1	-12.0	+16.8	+50.0	+76.9
Cost of Living.....	+ 3.8	+ 0.3	+10.5	+ 3.0	+17.6

B. COST OF LIVING CHANGES

The official cost of living index for December, 1944, stood at 117.6 on the base August, 1939 = 100. Price increases have been most severe in foods,

* Although August, 1939, is the appropriate base from which to measure wartime price movements, its use gives considerable over-emphasis to the increase in farm product prices as compared with general wholesale prices and the cost of living. During that particular month, the prices of agricultural products were unusually low in comparison with general wholesale prices. The following table expresses the December, 1944, indexes of the cost of living, wholesale prices and farm product prices on the longer base 1935-39:

	December, 1944
Cost-of-Living Index.....	118.5
General Wholesale Prices.....	132.9
Farm Product Prices.....	144.3

which represent almost a third of the total cost of living budget. Food items have accounted for more than half of the wartime increase in living costs.

The substantial upward movements in the cost of living which were apparent up to the time of the basic period of price control were later followed by minor advances. Since October, 1943—the date when the last cost-of-living bonus adjustment was made—the index has shown a tendency to level off and, in recent months, to fall slightly. In December, 1944, the index was 0.8 points below the level for the same month of 1943.

POINT CHANGES IN MAIN GROUPS OF THE COST-OF-LIVING INDEX
(August, 1939=100)

	August, 1939, to October, 1941	October, 1941, to October, 1943	October, 1943, to December, 1944	August, 1939, to December, 1944
Food.....	24.1	9.7	-2.6	31.2
Fuel and Lighting.....	13.2	1.2	-5.2	9.2
Rent.....	7.1	0.7	0.1	7.9
Clothing.....	19.5	1.5	0.5	21.5
Home Furnishings and Services.....	16.3	0.8	0.2	17.3
Miscellaneous.....	5.1	1.8	0.6	7.5
Total.....	14.6	3.8	-0.8	17.6

Between the time when the overall price ceiling was established and the date of the last increase in the cost-of-living bonus, the rise in the index was 3.8 points. Consumer subsidies introduced in December, 1942, on milk, tea, coffee and oranges prevented a further rise in the index of slightly more than one point. The whole of the decrease in the index since October, 1943, has been due to movements in the food and fuel and lighting groups. Unusually heavy supplies of eggs during the latter half of 1944 were effective in forcing down egg prices below the seasonal levels prevailing in 1943. The contribution of

the vegetable group to the decrease is of a seasonal nature, the result of the appearance of more adequate supplies, particularly of potatoes and onions. Lower electricity rates in Quebec and scattered points in other provinces, and the removal of the Quebec sales tax on coal, were responsible for the fall in the cost of fuel and lighting to consumers. All remaining sections of the budget show very little change since October, 1943. The principal changes in components of the cost-of-living index expressed in terms of their effect on the cost of living as a whole are shown below.

MOVEMENTS IN COST-OF-LIVING INDEX, AUGUST, 1939, TO DECEMBER, 1944
(August, 1939=100)
(Points added in the total index by component groups)

	August, 1939 to October, 1941	October, 1941 to October, 1943	October, 1943 to December, 1944	Total August, 1939 to December, 1944
Food.....	+7.38	+2.93	-0.80	+9.51
Milk.....	+0.49	-0.73	0.00	-0.24
Other Dairy Products.....	+1.56	-0.02	+0.09	+1.63
Eggs.....	+0.69	+0.68	-0.42	+0.95
Beef and Veal.....	+1.35	+1.55	-0.15	+2.75
Other Meats and Fish.....	+1.30	+0.64	+0.07	+2.01
Cereals.....	+0.42	+0.04	0.00	+0.46
Dry Groceries.....	+1.01	-0.14	0.00	+0.87
Vegetables.....	-0.02	+0.44	-0.31	+0.11
Fruits.....	+0.58	+0.47	-0.08	+0.97
Fuel and Lighting.....	+0.79	+0.07	-0.24	+0.62
Rents.....	+1.41	+0.13	+0.02	+1.56
Clothing.....	+2.34	+0.18	+0.06	+2.58
Home Furnishings and Services.....	+1.43	+0.08	+0.02	+1.58
Miscellaneous.....	+1.20	+0.41	+0.14	+1.75
Total Change.....	+14.6	+3.8	-0.8	+17.6

C. WHOLESALE PRICE CHANGES

While the major part of the increase in wholesale prices occurred before October, 1941, there have been substantial

increases in some commodity prices since that time. These are reflected in column two of the following table:

POINT CHANGES IN WHOLESALE PRICE INDEXES, AUGUST, 1939 TO DECEMBER, 1944
(August, 1939=100)

Group	August, 1939 to October, 1941	October, 1941 to December, 1944	August, 1939 to December, 1944
Vegetable Products.....	+36.3	+25.5	+61.8
Animal Products.....	+45.1	+ 7.0	+52.1
Textile Products.....	+46.2	- 8.3	+37.9
Wood Products.....	+25.9	+24.7	+50.6
Iron and Its Products.....	+16.2	+ 4.3	+20.5
Non-ferrous Metals.....	+11.0	+ 3.0	+14.0
Non-metallic Minerals.....	+16.6	+ 5.5	+22.1
Chemicals.....	+33.6	- 4.6	+29.0
Total.....	+29.9	+11.9	+41.8
Farm Products.....	+26.9	+50.0	+76.9

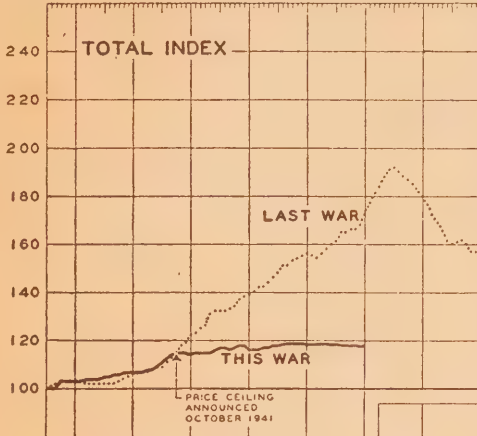
The most outstanding increases since the basic period have occurred in the vegetable products, animal products, and wood products groups. The principal

causes of these movements were: a large advance in wheat prices; increases in egg and potato prices; a substantial rise in live cattle prices and in authorized beef

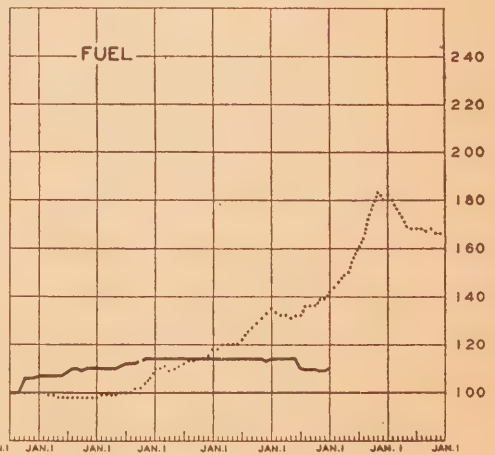
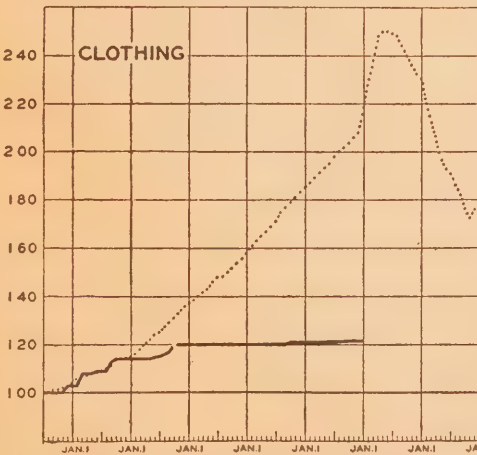
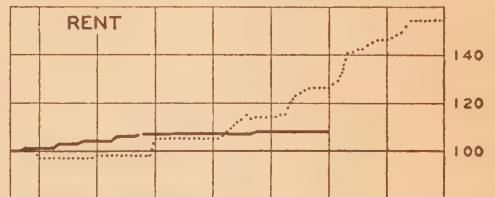
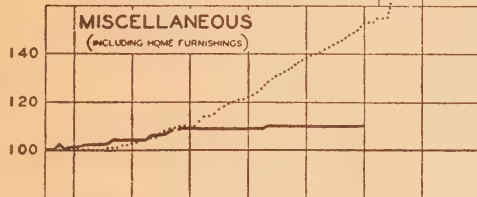
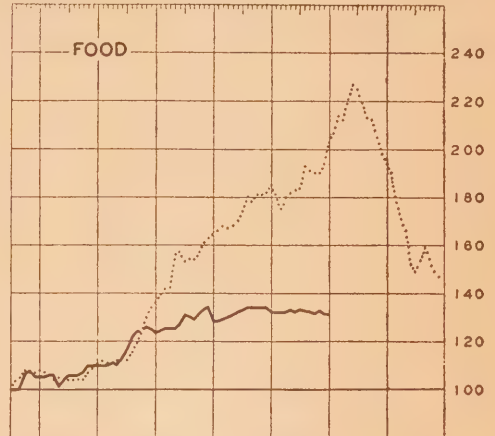
COMPONENTS OF THE COST OF LIVING INDEX IN TWO WARS

LAST PRE-WAR MONTH=100

PER CENT



PER CENT



1914 1915 1916 1917 1918 1919 1920 1921 1922 1923 1924 1925 1926 1927 1928 1929 1930 1931 1932 1933 1934 1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1945 1946

carcass ceilings; and significant increases in lumber and newsprint prices which were the result of authorized increases to facilitate production in the face of labour shortages and higher operating costs.

The downward readjustment of cotton fabric prices shortly after the imposition of the price ceiling, to bring them into line with the ceiling on secondary textiles, is responsible for the decrease in the textile products index, which up to October, 1941, had advanced more than any other single group index. Declines in fertilizer

prices and in a few pharmaceutical chemical prices accounted for the decrease in the chemicals group.

Because prices paid to farmers for their products include both market price and any additional subsidies or special payments, the farm products index shows a greater increase since October, 1941, in comparison with the vegetable and animal products groups of the general wholesale index. The subsidy payments on milk and special payments for oats and barley account for most of this difference.

APPENDICES

The Appendices are up-to-date as of December 31, 1944 with the exception of Appendix A—Directory of Officials, which gives effect to changes in organization up to March 15, 1945.

Appendix A

DIRECTORY OF OFFICIALS

A-1—THE WARTIME PRICES AND TRADE BOARD

Minister: Hon. J. L. Ilsley, Minister of Finance.

Present membership with dates of appointment:

Chairman: D. Gordon, Deputy Governor, Bank of Canada, Nov. 10, 1941.

Deputy Chairmen: M. W. McCutcheon, Mar. 2, 1945.

K. W. Taylor, Mar. 2, 1945.

Roy Geddes, Mar. 2, 1945.

Members: H. B. McKinnon, Chairman of the Tariff Board, Sept. 3, 1939.

David Sim, Deputy Minister of National Revenue for Customs and Excise, Sept. 3, 1939.

F. A. McGregor, Commissioner of the Combines Investigation Act, Department of Labour, Sept. 3, 1939.

A. M. Shaw, Director of Marketing Service, Department of Agriculture, Sept. 9, 1939.

J. G. Bouchard, Assistant Deputy Minister of Agriculture, Nov. 13, 1941.

W. A. Mackintosh, Director General of Economic Research, Department of Reconstruction, Mar. 12, 1942.

S. A. Cudmore, Dominion Statistician, Department of Trade and Commerce, Jan. 14, 1943.

Arthur MacNamara, Deputy Minister of Labour, Mar. 9, 1943.

J. G. Godsoe, Chairman, Wartime Industries Control Board, Nov. 29, 1943.

Secretary: A. F. W. Plumptre, March 15, 1945.

Special Advisers: S. R. Noble, Nov. 12, 1941.

Hon. Cyrille Vaillancourt, May 14, 1943.

Resignations: Yves Lamontagne, Director of Commercial Relations, Department of Trade and Commerce, resigned Apr. 20, 1944.

M. W. Mackenzie, Deputy Chairman of the Board, resigned May 1, 1944.

D. Dewar, Deputy Chairman of the Board, resigned Feb. 24, 1945.

A-2—ASSOCIATED COMPANIES

Commodity Prices Stabilization Corporation Limited

President—H. B. McKinnon
 Vice-President and Comptroller—O. B. Thornton
 Treasurer—W. Williamson
 Secretary—Orian E. B. Low

Directors—R. B. Bryce, H. B. McKinnon,
 S. R. Noble, L. P. Saint-Amour,
 O. B. Thornton.

Canadian Wool Board Limited

President—Henry Brown
 Vice-President—G. E. O'Brien
 Vice-President and Treasurer—W. P. Walker
 Secretary—G. W. Fraser

Directors—Henry Brown, G. W. Fraser, C. H. Mitchell, G. E. O'Brien, A. M. Shaw, H. F. Skey, O. B. Thornton, W. H. J. Tisdale, W. P. Walker.

Wartime Food Corporation Limited

President—R. T. Mohan
 Vice-President—K. W. Taylor
 General Manager, Secretary and Treasurer—J. B. Lander

Directors—R. E. Godbout, A. R. Johnstone, R. T. Mohan, C. J. Sanders, K. W. Taylor, O. B. Thornton.

A-3—HEAD OFFICE DIVISIONS

Prices Division—M. W. McCutcheon, Chief
 Supply Division—R. Geddes, Chief
 Secretary's Division—A. F. W. Plumtre, Secretary
 Industrial Division—D. G. Mackenzie, Chief
 Distribution Division—C. K. C. Martin, Chief
 Research Division—J. D. Gibson, Chief

Comptroller's Division—A. M. Henderson, Comptroller
 Information Branch—A. L. Cawthorne-Page, Director
 Consumer Branch—Byrne Sanders, Director
 Washington Division—A. J. Hazeland, Director
 London Office—J. A. Langley, Special Representative

Appendix B

CO-ORDINATIONS AND ADMINISTRATIONS

Capital Equipment and Durable Goods Co-ordination

Co-ordinator—H. H. Foreman

Administrations—

Asbestos and Asbestos Products
 Capital Equipment and Electrical Products
 Construction Products
 Fabricated Metals and Sundry Items
 Farm and Construction Machinery and Municipal Service Equipment
 Furniture and Brushes
 Glass and Glass Products
 Heating and Plumbing Equipment and Supplies
 Jewellery
 Office Machinery, Equipment and Supplies
 Upholstered and Metal Furniture and Bedding
 Wood Products and Metal Containers

Textile and Clothing Co-ordination

Co-ordinator—F. B. Walls
 Deputy Co-ordinator—Henry Morgan

Administrations—

Cotton and Cotton Products
 Fine Clothing (Woollens)
 Footwear
 Fur Skins and Fur Garments
 Hides and Leather
 Knit Goods
 Luggage and Small Leather Goods
 Men's and Boys' Furnishings
 Rayon and Rayon Products
 Textile Sundries
 Women's, Misses' and Children's Wear
 Women's and Misses' Coats and Suits
 Wool
 Work Clothing

Foods Co-ordination

Co-ordinator—K. W. Taylor
 Deputy Co-ordinators—F. S. Grisdale
 J. J. Page
 Clive Planta

Administrations—

Alcoholic Beverages
 Bread and Bakery Products
 Cocoa, Confectionery and Allied Products
 Dairy Products
 Feeds
 Fertilizers and Pesticides
 Fish and Fish Products
 Flour and Cereal Products
 Fresh Fruits and Vegetables
 Imported Grocery Items
 Meat and Meat Products
 Oils and Fats
 Pharmaceuticals
 Processed Fruits and Vegetables
 Seeds
 Sugar
 Tea and Coffee
 Tobacco

Pulp and Paper Co-ordination

Co-ordinator—W. H. Howard
 Deputy Co-ordinator—C. N. Moisan

Administrations

Book and Writing Paper
 Building Papers, Wall Board and Asphalt Roofing
 Newsprint
 Packages and Converted Paper Products
 Paperboard
 Shipping Cases
 Wall Papers
 Woodpulp
 Wrapping Paper

Individual Administrations

Distributive Trades
 Enforcement
 Publishing, Printing and Allied Industries
 Ration
 Rentals
 Services
 Ship's Stores
 Used Goods

The following *Controllers of the Wartime Industries Control Board* function as Administrators of the Wartime Prices and Trade Board in matters of price, for the commodities under their control:—

Chemicals
 Coal
 *Motor Vehicles and Parts
 *Non-Ferrous Metals (Primary)
 Oil
 Power
 Rubber
 *Ship Repairs and Salvage
 *Steel and Iron (Primary)
 Timber (includes Wood Fuel by P.C. 1997,
 21/3/44)
 Transit

* Within the Capital Equipment and Durable Goods Co-ordination.

Appendix C**REGIONAL AND LOCAL OFFICES AND PRICES AND SUPPLY REPRESENTATIVES**

Charlottetown.....	E. M. Nicholson	Toronto.....	F. L. J. Seldon
Halifax.....	W. Stanley Lee	Local Offices:	
Local Offices:		Barrie	Oshawa
Amherst	Sydney	Hamilton	Parry Sound
Annapolis Royal	Truro	Huntsville	Peterborough
Bridgewater	Wolfville	Lindsay	St. Catharines
New Glasgow	Yarmouth	Niagara Falls	Welland
Saint John.....	Chas. C. Sullivan	Orillia	
Local Offices:		London.....	W. Harold McPhillips
Bathurst	Fredericton	Local Offices:	
Edmundston	Moncton	Brantford	St. Thomas
Quebec City.....	J. M. Martin	Chatham	Sarnia
Local Offices:		Galt	Stratford
Chicoutimi	New Carlisle	Guelph	Windsor
*Port Alfred	Rimouski	Kitchener	Woodstock
Baie Comeau	Riviere du Loup	Owen Sound	
Cabano	Roberval	North Bay.....	A. T. Smith
Chandler	*Dolbeau	Local Offices:	
Donnacona	St. Georges	Cochrane	Sault Ste. Marie
Jonquiere	(Beauce)	Haileybury	Sudbury
La Malbaie	*Lac Megantic	Kirkland Lake	Timmins
Levis	St. Joseph d'Alma	Winnipeg.....	E. B. Complin
Magdalen Islands	St. Marie (Beauce)	Local Offices:	
Matane	Thetford Mines	Brandon	Kenora
Mont-Joli	*Plessisville	Dauphin	*Fort Frances
Montmagny		Flin Flon	Portage la Prairie
Fort William		Fort William	
Montreal.....	L. C. Robitaille	Regina.....	A. R. Mackie
Local Offices:		Local Offices:	
Amos	St. Jerome	Moose Jaw	Saskatoon
Drummondville	St. Johns	North Battleford	Swift Current
Granby	Shawinigan Falls	Prince Albert	Weyburn
Joliette	Sherbrooke	Rosetown	Yorkton
Lachute	Sorel	Edmonton.....	Walter S. Campbell
Mont Laurier	Three Rivers	Local Offices:	
Rouyn	Valleyfield	Calgary	Medicine Hat
St. Hyacinthe		Grande Prairie	Red Deer
Lethbridge		Lethbridge	
Ottawa.....	G. Masson	Vancouver.....	W. R. Dowrey
Local Offices:		Local Offices:	
Hull	Papineauville	Cranbrook	Prince Rupert
Brockville.....	H. M. Higgins	Kamloops	Trail
Local Offices:		Nanaimo	Vernon
Belleville	Renfrew	Nelson	Victoria
Cornwall	*Pembroke	Penticton	White Horse
Kingston		Prince George	(Yukon)

* Sub-local office reporting to the local office named directly above.

Appendix D

ORDERS IN COUNCIL AFFECTING THE WARTIME PRICES AND TRADE BOARD

NOTE—The following list of Orders in Council supplements Appendix D of the previous report.*

P.C. 3059, Apr. 27, 1944	Establishes the External Trade Advisory Committee as an interdepartmental agency for prompt consultation on matters of export and import trade and the supplying by Canada of goods and services for relief and rehabilitation purposes.
P.C. 4892, July 4, 1944	Establishes the Food Requirements Committee, an interdepartmental committee with authority to report on matters of policy connected with the utilization of Canadian food supplies in Canada and with the supply of Canadian foodstuffs to other nations.
P.C. 5745, July 25, 1944	Establishes a form of import control to replace, on Aug. 1, 1944, the control previously provided by the War Exchange Conservation Act, 1940, on gasoline, motor vehicles, industrial diamonds, clothing, and certain household textiles.
P.C. 7080, Sept. 12, 1944	Amends P.C. 6131, Aug. 12, 1944, to transfer the regulations and control of certain uses of trucks and the carriage of goods therein from the jurisdiction of the Administrator of Services of the Wartime Prices and Board to that of the Construction Controller of the Department of Munitions and Supply.
P.C. 7203, Sept. 19, 1944	Makes orders of the Wartime Prices and Trade Board, re use of trucks, orders of the Transit Controller.
P.C. 8528	Office consolidation of the Wartime Prices and Trade Regulations (P.C. 8528, Nov. 10, 1941 and amending Orders in Council to Aug. 18, 1944).
P.C. 9029	Office consolidation of the Wartime Leasehold Regulations (P.C. 9029, Nov. 21, 1940 and amending Orders in Council to Aug. 8, 1944).
P.C. 3238, May 22, 1944	Provides for the furnishing of financial and other information to certain Board officials and sets up safeguards against its improper use.
P.C. 9439, Dec. 10, 1944	Amplifies the powers of the Wartime Prices and Trade Board to include control over all activities relating to the transfer of population into specially designated congested areas and to the control and use of available shelter therein.

Concerning Associated Crown Companies

P.C. 39, Jan. 6, 1944	Amends P.C. 7475, Aug. 26, 1942, regulations re Commodity Prices Stabilization Corporation Limited, to provide for rebate of any subsidy paid on goods, or materials entering into goods, sold in excess of maximum prices fixed by the Wartime Prices and Trade Board.
P.C. 624, Feb. 1, 1944	Extends to Wartime Food Corporation Limited, all the powers conferred on Commodity Prices Stabilization Corporation Limited.
P.C. 625, Feb. 1, 1944	Provides for repayment to Commodity Prices Stabilization Corporation and Wartime Food Corporation by Government Departments purchasing subsidized goods of the amount of subsidy paid thereon.

Appendix E

STATEMENTS OF ADMINISTRATIVE POLICY ISSUED BY THE WARTIME PRICES AND TRADE BOARD

The following list supplements Appendix E of the previous report:*

December 28, 1943
 January 4, 1944
 February 8, 1944
 February 8, 1944
 March 21, 1944
 April 4, 1944
 June 2, 1944
 August 3, 1944
 October 6, 1944

Amendments to the Statement on Import Policy,
 effective February 11, 1943.

* W.P.T.B. Report, Apr.-Dec. 1943.

Appendix F

COMMODITY PRICES STABILIZATION CORPORATION LIMITED
SUMMARY OF OPERATIONS FROM DECEMBER 1, 1941 TO DECEMBER 31, 1944

The operations of the Commodity Prices Stabilization Corporation Limited from inception to December 31, 1944, have resulted in a cost to the government of \$227,703,973.99, made up as follows:

1. SUBSIDIES PAID (See detail below)—		
A. Import.....	\$ 99,413,650 26	
B. Domestic.....	100,750,786 49	
		\$200,164,436 75
2. LOSSES ON COMMODITY TRADING (See detail below).....		25,400,788 79
3. ADMINISTRATIVE EXPENSES AND MISCELLANEOUS ITEMS.....		2,138,748 45
		<u>\$227,703,973 99</u>

1. SUBSIDIES PAID,**A. SUBSIDIES ON IMPORTED GOODS**

NOTE.—In many cases commodities on which import subsidies have been paid are now ineligible for subsidy in whole or in part, or are eligible for subsidy only if prior approval is secured from the Corporation for their importation. In column three a summary is given of the chief limitations on eligibility. These limitations are indicated as follows:—

- PA Items inserted in Schedule "A" to the Statement on Import Policy (goods eligible for subsidy only in cases approved in advance), effective on the date indicated.
- B Items inserted in Schedule "B" to the Statement on Import Policy (goods specifically excluded from import subsidy) effective on the date indicated.
- BP The Commodity Prices Stabilization Corporation has been authorized from time to time to make bulk purchases of certain of these items and import them for civilian use.
- E The Commodity Prices Stabilization Corporation has been authorized to pay subsidies on imports made when a product is normally ineligible.

In a number of cases some goods imported under a given tariff item have been made ineligible for subsidy consideration while others

remain eligible. (See Section II, Schedule "B" of the Statement on Import Policy.) In still other cases imports have been excluded from subsidy consideration by description (Section III, Schedule "B" of the Statement on Import Policy) not by tariff item. It has not been possible to indicate in the table every exclusion of these types. In certain cases, notably repair or replacement parts of a functional character, exemptions are made to exclusions under Schedule "B" to the Statement on Import Policy, in accordance with the proviso to that schedule.

Goods imported under a number of other tariff items on which no subsidy has been paid and which, therefore, do not appear in this list, have also been made ineligible for subsidy consideration or subject to prior approval.

This appendix is not intended to be and should not be read as a complete account of the eligibility or otherwise of imports for subsidy consideration. The Wartime Prices and Trade Board Statement on Import Policy, February 11, 1943, as amended, should be consulted.

The description of imports subsidized appearing opposite each tariff item is partial and general only. Space does not permit the listing of each separate commodity subsidized under a particular tariff item, and the heading indicates the general class only.

Tariff Item	Partial Description of Imports Subsidized	Status, if Eligibility Limited	Subsidy Paid Dec. 1, 1941 to Dec. 31, 1944
			\$ cts.
	GROUP 1. ANIMALS, AGRICULTURAL PRODUCTS, FISH AND PROVISIONS		
3	Bees.....	B 1/1/42 to 8/2/44; B 16/6/44.....	163,717 79
8	Canned Meats.....	B 1/1/42.....	1,342 61
11	Rennet.....		5,432 04
13	Lard and animal stearine, n.o.p.....	PA (in part) 18/8/43; BP.....	3,607 21
14	Tallow.....	PA (in part) 18/8/43; BP.....	693,338 74
15	Beeswax.....	B 1/8/42; BP.....	26,722 80
20a	Cocoa butter.....		1,823 64
28a)	Tea.....	B 1/8/42; BP.....	1,250,565 64
29a)			
30	Ginger and spices, unground.....	Pepper B 15/8/42) BP..... Other B 11/5/42)	107,588 83
31	Ginger and spices, ground.....	Pepper B 15/8/42) BP..... Other B 11/5/42)	2,500 33
32	Nutmegs and mace.....	B 11/5/42; BP.....	15,427 39
39 (ii)	Starch, n.o.p.....	PA 7/11/42.....	648 62
42	Salt, bulk.....	E 1/12/41 to 10/5/42 even if production goods; PA 11/5/42.....	63,915 55
43a	Powdered milk.....	B 1/1/42.....	4,884 60
47	Beans, n.o.p.....	B (in part) 23/3/42; B 11/5/42; PA (in part) 1/8/42.....	34,749 87
55	Indian corn.....	B (in part) 1/1/42 to 1/8/42; PA 1/8/42.....	1,768,515 28
62	Rice, uncleaned.....	PA 11/5/42.....	1,288,749 19
63	Rice, cleaned.....	B 9/3/42.....	42,086 54

Tariff Item	Partial Description of Imports Subsidized	Status, if Eligibility Limited	Subsidy Paid Dec. 1, 1941 to Dec. 31, 1944
	GROUP 1-continued		\$ cts.
64	Sago and tapioca.....	B 11/5/42.....	641 83
68	Linseed, cottonseed and palm nut cake and meal.....	PA 1/8/42; B; E.....	7,333 38
72a	Aromatic seeds, inedible in crude state.....	B 1/8/42.....	598 08
73	Field seeds, n.o.p.....	PA 11/2/43.....	14,761 52
77a	Cocoa beans.....	B 11/5/42; BP.....	698,359 54
77b	Vanilla beans, crude.....	B 1/8/42; BP.....	8,327 09
83a	Potatoes.....	PA 17/2/43.....	426,893 68
99a	Prunes.....	1, 2, 3 and 10 lb. cartons } B 9/3/42 } BP.....	512,009 03
99c	Raisins and dried currants.....	Other prunes B 18/8/42 } B 17/3/42; BP.....	10,957 26
99e	Dates.....	B 11/5/42; BP.....	650 91
99g	Apricots, peaches, etc., dried.....	B 11/5/42; BP.....	43,160 00
101*	Oranges.....	B 1/12/41 to 15/12/42; B 1/1/45.....	1,681,351 89
109a	Peanuts, green.....	Unshelled B 11/ 5/42 } Shelled B 23/12/42 } BP.....	88,115 93
113a	Copra.....	BP.....	521,562 86
	Items under \$100.....		128 66
	GROUP 2. SUGAR, MOLASSES AND MANUFACTURES THEREOF		\$ 9,490,468 33
136	Molasses—edible (transportation).....	PA 1/8/42.....	364,583 07
136a } 137 } 140 }	Syrups and molasses, cane and beet.....	136a, 137 PA 1/8/42; 140 PA (in part) 1/8/42.....	55,770 11
	GROUP 3. TOBACCO AND MANUFACTURES THEREOF		\$ 420,353 18
	Nil		
	GROUP 4. SPIRITS, WINES AND OTHER BEVERAGES		
152	Fruit syrups and juices, n.o.p.....	B 11/5/42; PA (in part) 30/8/43 } BP.....	217,895 57
	GROUP 5. PULP, PAPER AND BOOKS		\$ 217,895 57
192	Paper and board products.....	B (in part) 1/8/42.....	17,689 45
197	Paper, n.o.p.....		986 78
199	Manufactures of paper, n.o.p.....	B (in part) 1/1/42; B (in part) 1/8/42.....	21,077 35
199d	Paper, cigarette.....		261,287 05
	GROUP 6. CHEMICALS, DRUGS, OILS AND AND PAINTS		\$ 301,040 63
203 } 203a }	Non-edible tanning, dyeing, etc., materials.....		686,985 27
204	Drugs, non-edible, crude.....		32,454 89
206	Quinine, etc.....		399 11
208	Chemicals, miscellaneous.....		448 13
208c } 208m } 209b } 209c }	Pesticide chemicals.....	BP.....	48,177 89
208o	Tartaric acid.....		23,089 07
208t	Chemicals and drugs.....	PA (in part) 18/8/43.....	67,442 18
209 } 209a } 210e }	Fertilizer chemicals.....	BP.....	54,849 17
210	Peroxide of soda, etc.....		496 93
216	Acids, n.o.p.....		5,168 91
219a	Disinfecting, spraying, etc., preparations.....		5,559 52
219d	Anaesthetics, n.o.p.....		9,123 85
220	Medicinal, chemical and pharmaceutical preparations.....	PA 1/8/42.....	865 51
225	Wax, vegetable and mineral, n.o.p.....		14,586 49
232c	Gelatine, edible.....	B 19/5/42.....	46,571 30
236	Surgical dressings, etc.....		556 89

* This amount represents subsidy paid on oranges sold and invoiced to a purchaser in Canada on or prior to March 1, 1944. For subsequent payments on oranges see appendix G.

Tariff Item	Partial Description of Imports Subsidized	Status, if Eligibility Limited	Subsidy Paid Dec. 1, 1941 to Dec. 31, 1944
GROUP 6—Continued			\$ cts.
238a } 238b } 238d } 238g }	Synthetic plastics.....	PA 7/11/42.....	2,744 78
242	Dry red lead, etc.....		3,353 69
247	Paints and fillers, n.o.p.....		122 57
247a	Artists' and school children's colours, etc.....	B 1/8/42 to 10/2/43; PA (in part) and B (in part) 11/2/43.....	8,082 41
254 } 254a }	Gums.....		961 30
259b	Rapeseed oil.....	PA (in part) 18/8/43; BP.....	26,950 09
261	Spirits of turpentine.....	PA 5/4/44.....	12,377 84
264	Essential oils, n.o.p.....		9,481 15
265	Whale oil.....	PA (in part) 18/8/43; BP.....	123,409 14
265a	Fish oils, n.o.p.....	PA (in part) 18/8/43; BP.....	17,758 38
274	Petroleum coke.....	PA 1/8/42.....	170 87
276a } 276b }	Cottonseed oil.....	PA (in part) 18/8/43; BP.....	821,037 59
277	Palm and palm kernel oil.....	PA (in part) 18/8/43; BP.....	48,479 86
278 } 278a }	Oil, coconut, palm, peanut and soya for soap manufacture, etc.....	PA (in part) 18/8/43; BP.....	306,265 20
278b	Peanut oil for refining.....	PA (in part) 18/8/43; BP.....	151,537 50
278c	Coconut oil for refining.....	PA (in part) 18/8/43; BP.....	12,667 62
280	Foots; grease for manufacture of soap and oils	PA (in part) 18/8/43; BP.....	8,679 60
	Petroleum and products—		
	Ocean tanker, Eastern Canada.....		31,571,425 71
	Ocean tanker, B.C.....		102,640 36
	Prairie.....		2,817,654 64
	Lake tanker ex Toledo.....		120,838 05
	Ontario via Toledo.....		3,079,133 39
	Items under \$100.....		177 96
GROUP 7. EARTHS, EARTHENWARE AND STONEWARE			\$40,242,724 81
287	Tableware.....	B (in part) 1/8/42.....	142,132 91
288	Stone and earthenware.....	B (in part) 1/8/42.....	2,424 67
289	Sanitary ware, n.o.p.....	B 1/1/42 to 22/3/42; PA 1/1/44.....	84,935 85
326a } 326e } 326g } 326h } 326j } 326(i) } 326(ii) }	Glassware.....	326a B (in part) 1/1/42; 326e B (in part) 11/5/42; B 1/8/42; 326 B (in part) 1/8/42; B 1/1/44	12,728 73
	Items under \$100.....		80 90
GROUP 8. METALS AND MANUFACTURES THEREOF			\$242,303 06
349	Brass, not polished.....		127 75
352	Manufactures of brass or copper.....	B 1/8/42.....	766 56
362c	Nickel plated, etc. ware, n.o.p.....	B 1/8/42.....	1,927 95
366b	Parts of watch movements.....	PA 11/5/42.....	8,189 15
383(c)	Iron or steel sheets, bands, etc., zinc-coated		126 00
407	Silent or roller chain.....		289 28
409 } 409b } 409c } 409d } 409e } 409g } 409i } 409m } 409o }	Agricultural implements.....	409e B (in part) 1/8/42.....	13,663 48
427 } 427a } 427b }	Machinery, wholly or in part of iron or steel, n.o.p.....	427, 427a B (in part) 1/1/42.....	146 87
429	Cutlery.....		5,123 29
430 } 430a } 430b }	Nuts and bolts, hinges, screws, etc., iron or steel.....		685 12
431 } 431b } 431e }	Tools.....		6,024 71

Tariff Item	Partial Description of Imports Subsidized	Status, if Eligibility Limited	Subsidy Paid Dec. 1, 1941 to Dec. 31, 1944
GROUP 8—Continued			\$ cts.
432 } 432b } 432d }	Hollow ware.....	432d B (in part) 1/1/42; B 1/8/42..	4,625 97
438b } 438c } 438e }	Parts and accessories for motor vehicles.....	PA 1/8/42.....	2,376 53
439	Bicycles.....	B 1/1/42 to 22/3/42; B (in part) 1/8/42.....	1,448 58 1,963 03
440d	Anchors for vessels.....		295 73
440g	Manufactures of metal for equipment of vessels.....		19,257 20
442	Agricultural implements, articles entering into manufacturing cost.....		2,803 67
443	Apparatus for heating and cooking.....	B 1/1/42.....	250 30
444a	Lighting fixtures.....		125 89
445a	Flashlights and bicycle lamps.....	B (in part) 1/1/42.....	3,041 72
445e	Batteries and parts.....		1,870 79
445k	Electric apparatus and parts, n.o.p.....	B (in part) 1/1/42.....	10,742 88
446a	Manufactures of iron or steel, n.o.p.....	B (in part) 1/1/42; PA (in part) 1/8/42.....	1,770 49 1,772 87
451	Fasteners, metal.....	PA (in part) 1/8/42.....	330 65
451b	Pins, metal.....		5,484 72
462 } 462 (i) } 476 }	Instruments—mathematical, optical, etc.....	B (in part) 1/1/42.....	
	Surgical and dental instruments.....	B (in part) 1/8/42.....	
GROUP 9. WOOD AND MANUFACTURES THEREOF			\$ 95,231 18
493 } 494 } 494b }	Corkwood and products.....		5,101 45
497 } 752 }	Cane, reed or rattan.....	PA 7/11/42.....	9,622 25
502	Wooden products, miscellaneous shapes, etc...		178 92
504	Partly dressed lumber.....	B 1/1/42.....	12,518 34
506 } 506a }	Manufactures of wood, n.o.p.....	506 B (in part) 1/1/42; 506 and 506a B 1/8/42 }	1,111 63
507a	Veneers of wood, n.o.p.....	PA 1/1 44.....	3,492 36
	Items under \$100.....		458 95
GROUP 10. COTTON, FLAX, HEMP, JUTE AND OTHER FIBRES AND SILK, WOOL AND MANUFACTURES THEREOF			\$ 32,483 90
520	Raw cotton and cotton linters.....		9,949,798 68
520a } 520b }	Waste and rags, cotton.....		69,858 93
522 } 522a }			
522b }	Rovings, yarns, warps (cotton).....	522c B (in part) 1/8/42 and 17/12/42.....	326,832 97
522c }			
522d }			
522f }			
523 } 523a }			
523b }	Woven fabrics (cotton).....	523b B (in part) 1/1/42 to 16/12/43; PA (if above specified values) 17/12/42 and 22/3/44; PA (if bags of vegetable fibre) 13/1/43.....	9,856,614 30
523c }			782 25
523j }			
523k }	Cotton, etc., fabrics with cut weft pile.....	PA (if above specified values) 17/12/42.....	
524a }			
529 } 530 }	Lace and embroideries, cotton.....	529 B (in part) 1/1/42 and 17/1/42; 530 B 1/1/42; E.....	564 78
532	Manufactures of cotton, n.o.p.....	B (in part) 1/1/42; PA (in part) 17/12/42, 13/1/43 and 9/2/44.....	162,637 81
532a	Handkerchiefs (cotton).....	Embroidered B 17/12/42.....	33,764 18
535 }	Vegetable fibres.....		6,591,457 34
535a }			
535b }			
535c }	Waste and rags, n.o.p.....		7,784 48
535e }			
536 }	Vegetable fibres for brush manufacture.....		626 76
537a }	Batts and wadding, n.o.p.....		6,132 77
	Rovings, yarns, warps (vegetable fibre).....	Rope, cordage and twine B 5/6/42..	26,390 20

Tariff Item	Partial Description of Imports Subsidized	Status, if Eligibility Limited	Subsidy Paid Dec. 1, 1941 to Dec. 31, 1944
			\$ cts.
	GROUP 10—Continued		
537b	Linenthread for machine and hand sewing.....		1,058 45
537c	Rovings, yarns and warps (vegetable fibre for specified uses).....		16,120 33
537d	Rovings, yarns and warps (jute).....		399,655 77
538a	Bindertwine, articles entering into manufacturing cost.....		39,224 29
540 (a) } 540 (b) } 540 (c) } 540 (d) }	Woven fabrics and articles of flax or hemp....	540 (b), except plain handkerchiefs, B 17/12/42.....	322,611 10
542	Woven fabrics (vegetable fibre).....	Wholly or in chief value cotton, PA (if above specified values) 17/12/42	1,310 05
542a	Sail twine and canvas.....		383 34
543	Textiles manufactures, n.o.p.....	B (in part) 1/1/42; PA (if above specified values) 17/12/42; PA (in part) 9/2/44 and 22/3/44....	13,314 95
549	Wool, hair of camel, goat or like animal.....		2,781,568 67
549a	Hair.....	Horsehair B 11/5/42.....	6,715 38
549c	Haircloth.....		337 12
550a } 550b }	Waste and rags, wool or hair.....		1,162 07
551	Yarns of wool or hair, n.o.p.....		5,459 05
551a	Yarns and warps of wool or hair for manufacture.....		135,074 13
551b	Mohair or alpaca yarns for upholstery manufacture.....		3,136 79
551c	Yarns and warps of hair or hair and fibre.....		27,562 20
551d	Yarns and warps, worsted.....		18,284 91
553	Blankets (excluding rugs).....		3,780 92
554 } 554a } 554b } 554c }	Woven fabrics wholly or in part of wool.....		363,043 77
555	Manufactures of wool, n.o.p.....	B (in part) 1/1/42; B 17/12/42.....	400 52
557b	Artificial silk, etc.....		684,603 52
558b } 558c } 558d }	Rovings, yarns and warps of artificial silk, etc.....		522,292 43
560c } 561 } 561a }	Woven fabrics, artificial silk.....	560c B (in part) 1/1/42; B 17/12/42; 561 B (in part) 23/3/42; PA (if above specified value) 17/12/42; and 22/3/44; 561a B (in part) 1/1/42; B 17/12/42.....	214,964 09
565	Braids, nets, etc.....	B (in part) 1/1/42; Gold lace PA 5/1/44.....	24,145 28
567a	Manufactures of artificial silk.....	B (in part) 1/1/42; B 17/12/42.....	241 90
568	Knitted garments and goods, n.o.p.....	B (in part) 1/1/42; PA (if above specified value) 17/12/42 and 22/3/44.....	3,513 58
568b	Gloves and mitts, n.o.p.....		4,940 12
569 (i) } 569 (ii) } 569 (iii) } 569a (ii) }	Hats, hoods and shapes of felt or wool.....	569 (i) B (in part) 17/12/42 to 5/10/44; 569 (ii) B (in part) 17/12/42; 569a (ii) B 17/12/42....	65,036 07
571a	Cocoa mats or matting.....	B 1/1/42.....	331 81
572	Carpets and rugs, n.o.p.....	B 1/1/42 to 22/3/42; B 1/8/42.....	3,011 21
573	Linoleum, oilcloth, etc.....	B 1/8/42.....	4,191 49
574b	Elastic webbing for manufacture.....	PA (if above specified values) 17/12/42.....	1,082 76
	Items under \$100.....		79 39
	GROUP 11. MISCELLANEOUS		\$ 32,701,882 91
584	Crude bone pitch and resin or rosin.....		2,794 80
585	Pitch and tar.....		1,570 30
586	Coal, U.K. anthracite (Transportation, Ont. and Que.).....		1,817,895 27
586	Coal, U.S. anthracite, consumer.....		3,069,460 45
587 } 587a }	Coke, consumer.....		180,609 19
588	Coal, U.S., n.o.p., consumer.....		3,338,090 55
599	Raw hides and skins.....	Sheep and lamb skins pickled B 11/2/43 to 20/7/43; PA 21/7/43.....	1,481,337 85
604	Leather further finished than tanned, n.o.p....	Upholstering leather B 11/2/43; Patent, japanned or enamelled leather B 1/1/44.....	29,993 56
605	East India kip leather for linings.....		510 44

Tariff Item	Partial Description of Imports Subsidized	Status, if Eligibility Limited	Subsidy Paid Dec. 1, 1941 to Dec. 31, 1944
	GROUP 11—Continued		\$ cts.
607	Leather for manufacture.....		887 73
607 (2)			
608b			
611a		Boots and shoes, n.o.p.....	B (in part) 1/1/42; B 1/8/42..... 132 13
612		Harness and saddlery.....	1,123 14
616 (ii)		Scrap rubber.....	PA 10/12/43..... 2,978 48
618		Manufactures of rubber, n.o.p.....	B (in part) 1/1/42; PA 10/12/43..... 1,028 11
618b		Rubber tires.....	PA 10/12/43..... 149 40
623		Cases, portfolios, etc.....	B 1/1/42 to 22/3/42; B 1/8/42..... 177 93
642		Hatters' fur.....	PA 11/5/42..... 98,586 76
652		Dressing combs, n.o.p.....	B 1/1/42..... 125 72
654		Broom corn and bristles.....	E (in part) 1/10/41; PA (in part) 21/7/43; BP..... 1,180,946 06
655a			
655b		Lead pencils, crayons, chalk, etc.....	2,753 26
657		Parts of pipes for manufacture.....	211 42
662	Fertilizers and articles entering into manufacturing cost.....		
663b			BP..... 1,929,196 37
663c		Soya bean meal, etc.....	PA 1/8/42..... 307,326 51
674		Ivory nuts, etc.....	B 11/5/42 to 6/11/42; PA (in part) 7/11/42..... 551 88
682			
682a			
682b		Fishermen's gear, non sporting.....	682 B (in part) 5/6/42..... 246,051 96
682c			
697		Globes, geographical.....	B 4/3/42..... 211 07
711		Items, n.o.p.....	PA (in part) 1/1/42 extended subsequently..... 1,292,407 73
782	Eucalyptus oil.....		290 49
791	Pesticides, articles entering into manufacturing cost.....		
			BP..... 2,889 73
794		Waste fabrics for further manufacture.....	8,775 47
817		Unbleached beeswax for manufacture.....	B 1/8/42; BP..... 4,172 20
837		Alfalfa meal.....	PA 1/8/42..... 11,176 37
859		Sunflower seed oil for manufacture.....	PA (in part) 18/8/43; BP..... 655,626 58
		Items under \$100.....	53 98
			\$ 15,670,092 89
		Unallocated recoveries.....	826 20
		TOTAL IMPORT SUBSIDIES.....	\$ 99,413,650 26

B. SUBSIDIES OR REIMBURSEMENTS ON DOMESTIC PRODUCTS

Description of Products	Amount Paid Dec. 1, 1941 to Dec. 31 1944
Butter—	\$ cts.
Butterfat*	12,195,054 75
Inventories.....	582,913 06
Transportation.....	86,597 53
Canned Fruits and Vegetables—	
1941 Pack.....	265,856 71
1942 Pack.....	1,664,552 96
1943 Pack.....	1,236,360 16
1944 Pack.....	475,543 02
Storage.....	306,895 84
Chicken Brooders, Electric.....	100 00
Coal—	
Bituminous for Coking.....	9,794 53
Cost-of-Living Bonus.....	3,242,382 12
Emergency Diversion.....	180,370 36
Transportation, Maritimes.....	11,451 63
Pre-ECPB Assistance.....	378,554 68
Wagon Mines, Transportation.....	1,084 43
Coke:	
Transportation, Nova Scotia.....	858 78
Algoma.....	350,193 90

* Responsibility for the payment of milk and butterfat subsidies to primary producers was taken over by the Department of Agriculture on May 1, 1943. The amounts here listed, therefore, apply only to production before that date.

The Department of Agriculture pays a number of subsidies for the benefit of primary producers which are of interest to the Wartime Prices and Trade Board. The subsidies paid to growers on soft fruits sold for jam manufacture and on vegetables for canning are examples.

B. SUBSIDIES OR REIMBURSEMENTS ON DOMESTIC PRODUCTS—*Continued*

Description of Products	Amount Paid	
	Dec. 1, 1941	to Dec. 31, 1944
	\$	cts.
Cork for Milk Cooling Tanks.....		864 00
Corn—		
Corn Meal, Special Arrangement.....		462 95
Diversion.....		50,000 00
Cotton—		
Yarns.....		6,013 91
Manufactures:		
Underwear, Fleece Lined.....		7,688 61
Eggs, frozen.....		228,204 90
Feeds—		
Fishmeal.....		125,571 14
Fertilizers—		
Eastern Canada.....		282,332 54
Foods—		
Transportation, Miscellaneous.....		15,886 77
Footwear—		
Subsidy to July 15, 1943.....		4,262,566 21
Fruits, fresh—		
Strawberries, B.C., 1942.....		63,997 14
Peaches, Ontario, 1942.....		66,596 82
Tree Fruits: 1943.....		659,651 21
1944.....		507,929 29
Fruits, processed—		
Strawberries, B.C., 1943.....		7,589 40
Furniture.....		123,831 68
Groceries—		
Order 116:		
Standard.....		3,395,842 18
Cereal Products.....		55,261 02
Transportation, Gaspé.....		3,044 46
Jam and Jelly.....		1,017,358 02
Leather—		
Footwear, Sole and Upper.....		142,185 12
Glove and Garment (including shearlings).....		2,227,403 64
Harness.....		2,151 98
Lime.....		15,715 54
Lumber—		
Pitprops and Mine Ties.....		26,386 24
Pitwood, U.K.....		279,759 92
Consumer, Softwood.....		1,545,544 02
Producer, B.C. Coastal (including lath).....		379,903 45
Producer, B.C. Coastal, Shingles.....		99,758 60
Retail, Prairie.....		620,748 15
Sawmill, B.C. Coastal, Logs.....		23,221 37
Maple Products.....		18,592 86
Meat—		
Beef, Canned, fresh.....		23,880 80
Beef, Transportation.....		358,054 88
Bologna and Weiners.....		25,832 86
Milk—		
Primary Producers, 1941-42*.....		2,830,772 00
Primary Producers, 1942-43*.....		3,002,243 08
Consumer.....		38,458,991 75
Oils and Fats—		
Bones and Fats, Transportation.....		132 04
Linseed Oil, Transportation.....		19,487 07
Soap and Shortening Materials.....		2,305,480 37
Paper Products—		
Scribblers and Counter Cheques.....		26,516 27
Waste Paper, Transportation.....		13,962 56
Rubber—		
Synthetic and Crude**.....		6,629,875 91
Scrap Tires.....		46,873 69

* See footnote, previous page.

** This subsidy appears as an import subsidy in the Report of The Wartime Prices and Trade Board for the period ending December 31, 1943.

B. SUBSIDIES OR REIMBURSEMENTS ON DOMESTIC PRODUCTS—*Continued*

Description of Products	Amount Paid	
	Dec. 1, 1941	to Dec. 31, 1944
Rye Grain.....	\$	cts.
Tea and Coffee Inventories, Dec. 7, 1942.....	72,253	36
Vegetables—	3,055,413	87
Beans, White and Yellow Eye:		
1943.....	366,751	02
1944.....	322,823	33
Potatoes:		
New.....	715,810	70
Transportation, 1943 Crop.....	6,645	54
Transportation, Old.....	17,549	51
Woodenware—		
Boxes and Shooks, Zone 3.....	1,749	91
Boxes, Shooks and Baskets, Zone 5.....	192,798	41
Butter Boxes.....	43,690	32
Cheese Box Materials, 1942.....	6,158	76
Cheese Boxes, 1943, 1944.....	312	90
Egg Boxes and Shooks.....	11,741	58
Fruit and Vegetable containers.....	323,622	68
Apple Barrels and Parts.....	98,755	95
Powdered Milk Barrels and Nail Kegs.....	35,577	48
Oars.....	3,920	31
Special Arrangements.....	1,030,280	14
Wood Fuel—		
Cordwood, \$1.00.....	1,745,940	44
Transportation.....	1,031,917	23
Combination, Regional.....	658,546	01
Vancouver.....	4,412	57
Wool—		
Raw:		
For Underwear, Special.....	10,010	20
Yarns and Fabrics, Worsted.....	1,373	39
TOTAL DOMESTIC SUBSIDIES.....	\$100,750,786	49
Total of Import and Domestic Subsidies or Reimbursements.....	\$200,164,436	75

N.B.—THESE FIGURES ARE CUMULATIVE, COVERING ALL SUBSIDIES PAID SINCE INCEPTION DECEMBER 1, 1941, TO DECEMBER 31, 1944. SUBSIDIES PAID DURING THE CALENDAR YEAR COVERED BY THIS REPORT AMOUNTED, IN ROUND FIGURES, TO \$46,000,000 FOR IMPORTS AND \$39,000,000 FOR DOMESTIC PRODUCTS, A TOTAL OF APPROXIMATELY \$85,000,000.

2. LOSSES ON COMMODITY TRADING

	Dec. 1, 1941 to Dec. 31, 1944
Alcohol, Industrial.....	\$ 2,254,683 24
Artificial Silk Yarns.....	493,223 67
Beeswax.....	36,231 02
Binder Twine, Rope and Materials.....	620,414 88
Bristles and Horsehair.....	323,605 41
Broom Corn.....	24,188 20
Citrus Juices.....	654,081 58
Cocoa Beans.....	887,271 17
Coffee.....	2,522,703 82
Cotton Yarns and Fabrics.....	3,892,057 96
Dairy Products.....	26,948 46
Feeds.....	24,500 78
Fertilizers.....	213,398 56
Fish Hooks.....	1,127 92
Fruits, Dried.....	6,044,831 51
Jute.....	213,836 94
Oils and Fats.....	4,680,791 11
• Penicillin..... (Profit)	25,029 01
Pesticides.....	35,179 53
Rubber.....	21,544 66
Spices.....	213,855 62
Surplus Stocks—Clothing and Cotton Fabrics.....	428,657 15
Tea.....	520,577 26
Vegetables—Potatoes.....	11,071 14
Woodenware.....	116,478 86
Wood Fuel.....	4,035 27
Wool.....	1,123,562 71
War Risk Insurance.....	\$25,363,829 42
36,959 37	
Total.....	\$25,400,788 79

* Reductions in selling prices have been effected with a view to liquidation of the profit shown.

Appendix G

**SUMMARY OF OPERATIONS OF OTHER ASSOCIATED COMPANIES OF THE BOARD
FROM DECEMBER 1, 1941 TO DECEMBER 31, 1944, AS SHOWN BY THE FINANCIAL
STATEMENT OF EACH COMPANY**

WARTIME FOOD CORPORATION LIMITED—	
Subsidies Paid—Import (Oranges).....	\$3,243,661.96
Domestic.....	6,317.41
	<hr/>
Commodity Trading Losses—Cattle.....	3,249,979.37
Other.....	832,281.69
Administrative Expenses.....	41,661.20
	<hr/>
	91,529.04
	<hr/>
	\$4,215,451.30
CANADIAN WOOL BOARD LIMITED.....	\$ 611,641.20
WARTIME SALVAGE LIMITED.....	\$ 434,579.01

Appendix H

CHANGES IN CUSTOMS VALUATION, DUTIES AND TAXES

H-1—VALUATION FOR CUSTOMS PURPOSES MODIFIED

P.C. 62/450, Jan. 20, 1942.—Import and excise duties and taxes imposed in any country are to be disregarded in estimating the value for duty of goods imported into Canada.

P.C. 9889, Dec. 19, 1941.—On recommendation of the Wartime Prices and Trade Board with the concurrence of the Minister of Finance, the Minister of National Revenue may accept export selling prices as the basis for valuation for duty purposes.

Under the authority of this Order in Council selling price (actual invoice value) is accepted as the basis for valuation for duty purposes instead of "fair market value as sold for home consumption" in respect of the items listed below.

Commodities	Effective date
Automobiles, passenger.....	Mar. 19, 1942
Barrels, wooden, used or second-hand.....	Jan. 2, 1942
Bristles dutiable under Tariff Item 654.....	Apr. 1, 1942
Broom corn.....	June 1, 1943
Chinese menthol.....	Jan. 8, 1942
Cotton, raw.....	Dec. 19, 1941
Dried fruits—	
Dried prunes and plums.....	Dec. 19, 1941
Evaporated or dried apricots.....	Feb. 16, 1942
Raisins and currants.....	Apr. 15, 1942
Dried fruits of all kinds.....	Nov. 2, 1942
Essential oils, whether containing non-alcoholic materials or not, specified in Tariff Item 264.....	Jan. 2, 1942
Ether, sulphuric, and preparations of vinyl ether for anaesthetic purposes.....	Feb. 16, 1942
Feeds, animal or poultry (ex Tariff Item 45).....	Apr. 1 to June 30 1942, incl.
Galatest.....	Sept. 1, 1942
Hollow-ware, of iron or steel, coated with vitreous enamel, dutiable under Tariff Item 432b.....	July 2, 1942
Metal caps for bottles or jars.....	July 2, 1942
Rice, cleaned and uncleaned, or paddy.....	Dec. 19, 1941
Soya beans, soya bean oil cake, and soya bean oil meal, dutiable under Tariff Item 663c.....	Feb. 2, 1942
Tools, hand of all kinds.....	July 2, 1942
Vegetable oils as specified in Tariff Items 208t, 259a, 259b, 262, 266, 276, 276a, 276b, 277, 277a, 278, 278a, 278b, 278c, 278d, 278e, 280, 711, 824, 831, 838 and 839.....	May 1, 1942
Waxes, vegetable and mineral as specified in Tariff Item 225.....	Dec. 19, 1941
Xanthates—	
Pentaxol amyl xanthate and sodium ethyl xanthate.....	Dec. 19, 1941
Xanthates for use in the process of concentrating ores, metals or minerals (ex Tariff Item 208u).....	Apr. 1, 1943

H-2—DUTIES AND TAXES MODIFIED OR REMITTED

P.C. No.	Date Passed	Date Effective	Commodity	Effect
9888	19/12/41	19/12/41	General.....	Special or dumping duties suspended for the time being except in respect of importations of fresh fruits and vegetables.
394	20/1/42	1/1/42 to 30/4/42	Anthracite coal.....	Removal of customs duty and war exchange tax on imports into the Maritime Provinces from Intermediate and General Tariff countries.
3472	28/4/42	30/4/42	Anthracite coal.....	Extension of P.C. 394 until further notice.
350	14/1/43	9/1/43	Anthracite coal.....	Removal of war exchange tax.
1737	9/3/42	9/3/42 to 31/12/42	Bituminous coal, when converted into coke to be sold	Reduced usage requirements of Canadian coal from 35 p.c. to 25 p.c. to entitle importer to a drawback of 99 p.c. of the customs duty paid on imported coal.
6220	20/7/42	1/4/42	Bituminous coal when converted into coke to be sold	Rescinded P.C. 1737, eliminating the 25 p.c. provision and substituting approval of administrator.
4488	28/5/42	1/5/42 to 14/9/42	Coke.....	Removal of customs duty and war exchange tax on imports from Intermediate and General Tariff countries.
8042	9/9/42	15/9/42	Coke for use in cooking and heating.....	Removal of war exchange tax and customs duty.
10824	1/12/42	15/11/42 to 31/3/43	Coal briquettes.....	Removal of war exchange tax and customs duty on imports from Intermediate and General Tariff countries when imported into the customs port at Port Arthur or any port west thereof to the Saskatchewan-Alberta boundary.
1517	1/3/43	1/4/43	Coal briquettes.....	Extension of P.C. 10824 until further notice.
3739	5/5/42	2/1/42	Soda ash.....	Removal of customs duty on imports from British Preferential Tariff countries.
4191	19/5/42	2/1/42	Crude rubber.....	Removal of war exchange tax, customs duty and special excise tax.
5648	30/6/42	2/1/42	Cement clinker.....	Removal of war exchange tax.
1620	2/3/42	15/1/42 to 30/6/42	Alfalfa meal (dehydrated)...	Removal of war exchange tax and customs duty.
4525	29/5/42	2/2/42	Hatters' fur.....	Removal of war exchange tax.
2233	20/3/42	Imported on and after 15/8/41, entered for consumption on and after 2/3/42	Tea.....	Elimination of the additional duty of 5 cts., 7½ cts. and 10 cts. per lb.
1663	5/3/42	5/3/42	Woven fabrics not made in Canada of artificial silk imported by manufacturers of ties, etc., for their own use.	Duty reduced by application of a lower tariff item.
4489	28/5/42	1/4/42	Copra.....	Removal of war exchange tax, customs duty and special excise tax.
3011	14/4/42	1/4/42 to 31/7/42	Dried whey, skim milk and buttermilk for animal or poultry feeds.	Removal of war exchange tax and customs duty.
7353	18/8/42	31/7/42	Dried whey, etc.....	Extension of P.C. 3011 to cover imports which entered Canada but were not cleared through customs on or before July 31, 1942.
6010	1/8/44	1/8/44 to 31/12/44	Dried whey, skim milk and buttermilk for animal or poultry feeds.	Removal of war exchange tax and customs duty.
9484	21/12/44	1/1/45 to 30/4/45	Dried whey, etc.....	Extension of P.C. 6010 for further four months.
6582	27/7/42	1/4/42	Sugar.....	Removal of war exchange tax, customs duty and special excise tax.
545	9/2/43	1/9/43	Sugar enumerated in Tariff Items 134, 135, 135a and 135b	Reduction of rate of excise tax from 1½ cts. to 1c. per lb.
6047	14/7/42	1/5/42	Second-hand bags of jute, cotton, etc.	Removal of war exchange tax, customs duty and special excise tax.
9058	6/10/42	1/5/42	Second-hand bags and bagging materials reclaimed from such bags when made from fabric wholly of vegetable fibre.	Removal of war exchange tax, customs duty and special excise tax (Enlargement of P.C. 6047).
9759	27/10/42	15/10/42	Woven fabrics, wholly of cotton, not bleached, mercerized nor coloured, when imported by manufacturers of cotton bags for use exclusively in their own factories.	Removal of war exchange tax, customs duty and special excise tax.

H-2—DUTIES AND TAXES MODIFIED OR REMITTED—Con.

P.C. No.	Date Passed	Date Effective	Commodity	Effect
7021	13/8/42	1/8/42	Vegetable fibres other than cotton.	Removal of war exchange tax and special excise tax.
5015	15/6/42	1/5/42 to 31/12/42	Animal glue, powdered or sheet.	Removal of war exchange tax and customs duty on imports from British Preferential and Intermediate Tariff countries.
11791	31/12/42	1/1/43 to 30/6/43	Glue, powdered or sheet....	Extension of P.C. 5015 for a further six months.
5198	29/7/43	1/7/43 revoked 1/11/43	Glue, n.o.p. (ex Tariff Item 232).	Removal of war exchange tax and customs duty on imports from Intermediate Tariff countries and of customs duty on imports from British Preferential Tariff countries.
8088	19/10/43	1/11/43	Animal glue (Tariff Item 231c).	As above. The new order in council made adjustments to fit an alteration in tariff items.
4490	28/5/42	1/5/42	Tin in blocks, pigs or bars...	Removal of war exchange tax, customs duty and special excise tax.
6046	14/7/42	1/7/42	Cascara sagrada extract....	Removal of war exchange tax and customs duty on imports from Intermediate Tariff countries.
7020	13/8/42	11/8/42	Pine lumber, ponderosa and California sugar pine.	Removal of war exchange tax, customs duty and special excise tax.
9057	6/10/42	24/9/42 to 14/4/43	Beeswax.....	Removal of war exchange tax, customs duty and special excise tax.
2678	2/4/43	15/4/43	Beeswax.....	Removal of war exchange tax, customs duty and special excise tax restricted to imports of unrefined beeswax under new Tariff Item 15a.
9374	13/10/42	7/10/42	Crushed oyster shell.....	Removal of war exchange tax, customs duty and special excise tax.
1035	9/2/43	2/11/42	Watch actions and movements, finished or unfinished.	Removal of war exchange tax.
10799	8/12/42	1/12/42 to 31/12/42	Oranges.....	Removal of customs duty on imports from Intermediate Tariff countries.
11139	8/12/42	1/12/42	Oranges.....	Removal of war exchange tax.
6083	30/7/43	1/8/43 to 31/12/43	Oranges.....	Removal of customs duty.
5999	31/7/44	1/8/44 to 31/12/44	Oranges.....	Removal of customs duty.
8337	28/10/43	15/9/43	Oranges (Mexican).....	Removal of special excise tax.
11594	22/12/42	1/12/42	Second-hand rope for disintegration or conversion into usable cordage.	Removal of war exchange tax, customs duty and special excise tax.
2331	23/3/43	1/3/43	Cotton yarn for use in the manufacture of bindertwine and twine for harvest binders.	Removal of war exchange tax.
11140	8/12/42	7/12/42	Coffee (green).....	Removal of the additional duty of 10 cts. per lb.
8885	18/11/43	1/11/43	Coffee extract, imitations and substitutes.	Removal of the additional duty of 10 cts. per lb.
11591	22/12/42	16/12/42	Bananas.....	Removal of war exchange tax, customs duty and special excise tax.
2324	23/3/43	1/3/43	Rice, uncleaned, unhulled or paddy.	Removal of war exchange tax and special excise tax.
2989	13/4/43	15/4/43	Rice, cleaned, except rice for the purpose of producing malt (Tariff Item 63a).	Removal of war exchange tax, customs duty and special excise tax.
3300	22/4/43	1/5/43	Ice.....	Removal of war exchange tax.
3757	6/5/43	1/5/43 to 31/6/43	Potatoes in their natural state.	Removal of war exchange tax.
4894 as amended by 7078	15/6/43	22/6/43	Potatoes, onions, green beans, cabbage, carrots, celery, lettuce, green peas, spinach, tomatoes, pineapple, etc., grapefruit and lemons.	Removal of war exchange tax and special excise tax.
1396	4/3/44	1/3/44	Beets, fresh, in their natural state.	Removal of war exchange tax and special excise tax.
9796	24/12/43	1/1/44 to 30/4/44	Onions in their natural state (not to include onions grown with tops, shallots, and onion sets).	Removal of customs duty.
1682	13/3/44	1/5/44 to 15/5/44	Onions, etc.....	Extension of P.C. 9796, 24/12/43 for a further two weeks.

H-2—DUTIES AND TAXES MODIFIED OR REMITTED—Con.

P.C. No.	Date Passed	Date Effective	Commodity	Effect
3056	27/4/44	15/5/44 to 17/6/44	Onions, etc.....	Extension of P.C. 1682 for a further month.
5551	13/7/43	1/7/43	Crude petroleum imported by refineries to be refined in their own factories (Tariff Item 267c) and products of petroleum, n.o.p., .934 specific gravity (20 A.P.I.) or heavier at 60°F. (ex Tariff Item 269), both when imported into B.C. ports in bulk by tank vessels.	Removal of war exchange tax.
6011	1/8/44	1/1/44 to 31/12/44	Products of petroleum, n.o.p., .934 specific gravity (20 A.P.I.) or heavier at 60°F. (ex Tariff Item 269b) when imported into B.C. ports in bulk in tank vessels.	Removal of customs duty.
1681	13/3/44	20/3/44	Raw cotton and cotton linters ex Tariff Item 520. Rovings, yarns, warps and woven fabrics specified in Tariff Items 522, 522a, 523, 523a, 523b.	Removal of war exchange tax.
2509	6/4/44	1/4/44	Palm kernels.....	Removal of war exchange tax and customs duty and special excise tax.
6651 super seding 4936	22/8/44 26/6/44	1/4/44	Materials and components for use in the manufacture of agricultural implements, as specified in Tariff Item 386(c), 408, 442, 442c, 458 and 502c; engine boilers and complete parts ex 428c; hub blocks, felloes, spikes, etc. as described; articles entering into the cost of manufacturing goods specified in Tariff Items 409h, 409i, 409l and 409m.	Removal of war exchange tax.
5104	3/7/44	15/6/44	Waste, wholly of cotton imported by manufacturers for use in the manufacture of yarn in their own factories (ex Tariff Items 520 and 520b).	Removal of war exchange tax.
5105	3/7/44	10/7/44	Fresh apricots, cherries, peaches, pears, plums or prunes, apples, grapes, cantaloupes and muskmelons, melons, n.o.p.	Removal of war exchange tax and special excise tax.
8822	21/11/44	1/11/44 to 30/6/45	Woven fabrics of cotton and not more than 50% by weight of synthetic textile fibre or filaments for use in manufacture of clothing.	Reduction of customs duty and removal of war exchange tax.
8972	28/11/44	1/10/44	Bristles.....	Removal of war exchange tax.
9272	15/12/44	1/10/44	Riboflavin for livestock and poultry feeds.	Removal of customs duty, war exchange tax and special excise tax.
9135	15/12/44	1/11/44	Rubber or gutta percha waste or junk ex Tariff Item 616 (ii).	Removal of war exchange tax.

Appendix I

ESTIMATED AND ACTUAL EXPENDITURES OF THE WARTIME PRICES AND TRADE BOARD

	Revised Estimates April 1, 1943 to March 31, 1944	Expenditures April 1, 1943 to March 31, 1944	Estimates April 1, 1944 to March 31, 1945	Expenditures (Nine months) April 1, 1944 to Dec. 31, 1944
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Salaries and Living Allowances.....	8,700,000 00	8,690,490 26	9,500,000 00	6,614,462 66
Travelling Expenses.....	930,000 00	926,681 67	950,000 00	642,190 13
Printing and Stationery.....	1,426,500 00	1,282,108 79	1,400,000 00	192,018 75
Telephones and Telegrams.....	355,000 00	318,523 86	375,000 00	197,214 82
Advertising.....	1,005,000 00	685,085 18	1,000,000 00	368,027 81
Sundries (including local ration board and ration coupon banking costs).....	1,883,500 00	1,825,465 46	2,375,000 00	997,262 74
Total.....	14,300,000 00	13,728,355 22	15,600,000 00	9,011,176 91

Appendix J INDEX NUMBERS OF THE COST OF LIVING IN TWO WARS

	TOTAL		FOOD		RENT		CLOTHING		FUEL AND LIGHTING		MISCELLANEOUS	
	War I July '14 = 100	War II Aug. '39 = 100	War I July '14 = 100	War II Aug. '39 = 100	War I July '14 = 100	War II Aug. '39 = 100	War I July '14 = 100	War II Aug. '39 = 100	War I July '14 = 100	War II Aug. '39 = 100	War I July '14 = 100	War II Aug. '39 = 100
October.....	1914	1939	1914	1939	1914	1939	1914	1939	1914	1939	1914	1939
	102.9	102.7	107.9	107.0	100.0	100.6	101.0	99.5	99.9	105.5	100.0	100.3
1915	1940	1915	1940	1940	1915	1940	1915	1940	1915	1940	1915	1940
January.....	102.7	103.0	107.5	105.2	96.8*	100.6	104.0	103.2	99.5	106.6	100.0	101.3
April.....	101.9	103.8	104.4	105.5		100.6	106.9	107.7	99.3	107.0	100.0	101.8
July.....	102.0	104.8	104.2	106.0		103.0	108.9	109.0	98.1	109.0	100.0	102.3
October.....	103.1	106.2	104.5	106.8		103.8	113.8	113.4	98.4	109.1	101.0	103.5
1916	1941	1916	1941	1941	1916	1941	1916	1941	1916	1941	1916	1941
January.....	106.1	107.4	110.6	110.5	97.9*	103.8	114.8	113.6	98.5	109.7	103.0	104.1
February.....	106.9	107.3	112.0	109.6		103.8	115.9	114.0	98.9	109.8	103.0	104.2
March.....	107.1	107.3	111.2	109.8		103.8	117.9	114.1	98.7	110.0	104.0	104.1
April.....	107.4	107.7	111.2	110.9		103.8	119.8	114.2	98.7	110.0	104.0	104.2
May.....	108.0	108.5	111.5	110.5		105.7	121.7	114.4	98.9	110.3	105.0	105.8
June.....	108.9	109.6	111.3	113.3		105.7	123.8	114.8	99.5	111.3	105.0	106.1
July.....	109.2	111.0	111.8	117.4		105.7	124.8	115.0	99.7	111.6	107.0	106.4
August.....	110.8	114.8	114.8	122.2		105.7	126.7	115.6	100.3	111.6	108.0	107.1
September.....	113.0	113.8	119.3	124.2		105.7	128.8	117.3	101.6	112.0	109.1	107.8
October.....	114.8	114.6	123.4	124.1		107.1	130.7	119.5	102.4	113.2	109.1	108.3
November.....	117.6	115.4	129.7	126.3		107.1	132.7	119.9	104.0	113.8	110.1	108.5
December.....	119.3	114.9	133.7	124.7		107.1	134.7	119.8	106.4	113.8	110.1	108.5
1917	1942	1917	1942	1942	1917	1942	1917	1942	1917	1942	1917	1942
January.....	121.8	114.5	135.7	123.2	105.1*	107.1	136.7	119.8	109.7	114.0	110.1	108.6
February.....	122.9	114.8	138.6	124.0		107.1	137.6	119.7	109.9	114.0	110.1	108.9
March.....	124.9	115.0	141.5	124.6		107.1	139.6	119.7	111.2	114.0	112.1	108.9
April.....	125.8	115.0	142.3	124.6		107.1	141.6	119.7	108.8	114.0	114.1	108.9
May.....	130.9	115.2	155.9	125.2		107.2	143.6	119.8	109.7	114.0	114.1	108.9
June.....	132.1	115.8	156.6	127.1		107.2	145.5	119.8	111.2	113.7	115.9	108.8
July.....	131.6	117.0	153.3	131.2		107.2	147.6	119.9	112.0	113.6	117.1	108.8
August.....	132.1	116.8	153.7	130.5		107.2	148.5	120.0	113.1	113.6	118.0	108.8
September.....	132.8	116.5	154.2	129.4		107.2	150.5	120.0	113.4	113.9	119.0	108.8
October.....	134.4	116.9	156.6	130.7		107.2	152.5	120.0	114.0	113.9	120.0	108.8
November.....	136.5	117.7	161.2	133.3		107.2	154.5	120.0	114.3	113.9	121.0	108.8
December.....	137.5	117.9	163.2	133.7		107.2	156.4	120.1	115.1	113.9	121.0	108.9

	TOTAL		FOOD		RENT		CLOTHING		FUEL AND LIGHTING		MISCELLANEOUS	
	War I July '14 = 100	War II Aug. '39 = 100	War I July '14 = 100	War II Aug. '39 = 100	War I July '14 = 100	War II Aug. '39 = 100	War I July '14 = 100	War II Aug. '39 = 100	War I July '14 = 100	War II Aug. '39 = 100	War I July '14 = 100	War II Aug. '39 = 100
	1918	1943	1918	1943	1918	1943	1918	1943	1918	1943	1918	1943
January.....	138.9	116.2	165.1	128.2	105.1	107.2	158.4	120.1	118.3	113.9	122.0	109.1
February.....	140.1	116.0	166.5	127.6	105.1	107.2	161.4	120.0	118.4	113.8	123.0	109.1
March.....	141.5	116.3	168.2	128.6	106.1	107.2	163.4	120.0	119.6	113.8	124.0	109.1
April.....	142.1	116.7	166.7	129.6	108.2	107.2	165.3	120.1	119.5	113.8	126.0	109.2
May.....	144.0	117.2	168.5	130.8	110.3	107.4	167.4	120.1	119.6	113.8	128.0	109.4
June.....	145.9	117.6	170.4	131.8	112.3	107.4	169.3	120.3	120.2	114.1	130.0	109.6
July.....	147.7	117.9	173.5	132.7	113.3	107.4	171.3	120.4	122.0	114.5	131.0	109.6
August.....	151.4	118.3	179.9	134.1	115.4	107.4	175.3	120.5	125.4	114.5	132.0	109.6
September.....	151.1	118.5	178.2	134.4	113.3	107.4	177.2	120.5	127.2	114.5	133.0	109.8
October.....	152.9	118.4	183.8	134.0	114.4	107.8	179.3	121.0	129.4	114.4	134.0	109.8
November.....	153.8	118.5	181.0	134.0	114.4	107.8	181.2	121.0	131.1	114.4	136.1	109.8
December.....	155.0	118.4	182.1	133.6	114.4	107.8	183.1	121.0	133.4	113.0	137.1	110.2
	1919	1944	1919	1944	1919	1944	1919	1944	1919	1944	1919	1944
January.....	156.5	118.1	184.7	132.4	114.4	107.8	185.2	121.0	135.1	113.8	138.1	110.3
February.....	155.3	118.0	180.0	131.8	114.4	107.8	187.2	121.2	133.1	114.1	139.1	110.4
March.....	154.2	118.1	174.9	132.0	115.4	107.8	189.1	121.2	131.8	114.1	140.1	110.3
April.....	156.1	118.2	178.9	132.4	115.4	107.8	191.1	121.3	131.5	114.1	141.1	110.3
May.....	158.3	118.3	181.7	132.6	119.6	107.8	193.1	121.4	131.0	113.6	142.1	110.4
June.....	160.1	118.1	183.6	132.0	122.6	107.8	195.1	121.4	131.8	113.6	143.0	110.3
July.....	161.1	118.1	184.0	132.9	123.6	107.8	198.1	121.4	131.6	110.0	144.1	110.3
August.....	165.1	118.0	192.9	132.4	124.7	107.8	200.0	121.4	135.9	109.8	145.0	110.4
September.....	165.3	117.9	190.9	132.1	125.7	107.8	202.0	121.4	136.4	109.8	146.0	110.3
October.....	165.6	117.7	189.9	131.7	125.7	107.9	204.0	121.5	135.8	109.8	148.0	110.3
November.....	166.3	118.0	189.7	132.5	125.7	107.9	206.0	121.5	138.9	109.2	149.0	110.3
December.....	168.3	117.6	193.8	131.2	125.7	107.9	207.9	121.5	139.4	109.2	150.0	110.3
	1920	1945	1920	1945	1920	1945	1920	1945	1920	1945	1920	1945
January.....	174.0	117.7	203.1	130.2	125.7	107.9	217.9	121.7	142.5	110.2	153.0	110.5
April.....	183.6	117.7	212.4	134.0	134.0	107.9	247.6	121.7	149.3	110.2	155.0	110.5
July.....	191.6	117.7	224.7	142.2	142.2	107.9	248.6	121.7	160.5	110.2	160.1	110.5
October.....	187.5	117.7	212.0	145.2	145.2	107.9	239.6	121.7	177.8	110.2	160.1	110.5
	1921	1946	1921	1946	1921	1946	1921	1946	1921	1946	1921	1946
January.....	180.3	117.7	194.2	146.3	146.3	107.9	229.8	121.7	182.5	110.2	160.1	110.5
April.....	168.7	117.7	171.1	149.4	149.4	107.9	204.0	121.7	172.6	110.2	160.1	110.5
July.....	159.7	117.7	149.2	153.5	153.5	107.9	190.1	121.7	168.1	110.2	160.1	110.5
October.....	159.8	117.7	154.2	154.5	154.5	107.9	176.2	121.7	168.5	110.2	160.1	110.5

• Annual Average.
Source—Dominion Bureau of Statistics.

Appendix K

INDEX NUMBERS OF WHOLESALE PRICES IN TWO WARS

	ALL COMMODITIES		FULLY OR CHIEFLY MANUFACTURED GOODS		CANADIAN FARM PRODUCTS	
	War I July '14 = 100	War II Aug. '39 = 100	War I July '14 = 100	War II Aug. '39 = 100	War I July '14 = 100	War II Aug. '39 = 100
	1914	1939	1914	1939	1914	1939
October.....	103.7	110.1	107.9	109.4	106.9	111.0
	1915	1940	1915	1940	1915	1940
January.....	107.9	114.2	109.6	112.3	121.6	119.9
April.....	111.5	114.9	114.5	112.3	123.0	123.5
July.....	109.2	114.2	111.5	111.2	112.2	110.3
October.....	107.0	115.2	108.7	112.7	106.3	110.6
	1916	1941	1916	1941	1916	1941
January.....	121.7	117.3	122.6	114.9	123.8	115.1
February.....	122.8	118.1	123.8	115.4	122.1	117.0
March.....	122.2	118.9	125.6	116.1	117.2	118.3
April.....	124.5	120.1	127.3	117.8	118.6	119.0
May.....	126.2	122.8	129.7	120.1	118.2	119.2
June.....	126.2	124.6	129.0	122.5	116.7	121.6
July.....	126.4	126.1	128.7	124.5	121.3	122.8
August.....	130.9	127.2	132.5	125.3	131.4	123.5
September.....	134.2	129.0	137.2	127.4	137.2	125.5
October.....	140.4	129.9	142.9	128.2	148.1	126.9
November.....	148.8	130.0	149.8	128.2	164.7	126.9
December.....	148.8	129.5	151.1	127.0	160.9	127.7
	1917	1942	1917	1942	1917	1942
January.....	156.8	130.2	158.8	126.4	167.6	135.6
February.....	159.8	130.8	160.7	126.7	166.9	137.7
March.....	164.1	131.4	165.1	126.9	169.9	138.4
April.....	171.9	131.4	170.8	126.6	186.2	139.4
May.....	185.2	131.7	184.7	126.2	213.5	137.3
June.....	184.3	132.5	183.9	126.0	202.6	139.6
July.....	184.2	132.9	182.5	126.6	200.3	138.9
August.....	185.9	132.1	186.9	126.4	199.1	139.2
September.....	180.9	132.5	186.6	126.7	184.2	144.3
October.....	182.1	133.6	188.8	127.0	184.9	146.7
November.....	185.2	134.2	190.1	127.4	190.6	148.1
December.....	186.8	134.2	191.5	127.7	193.4	149.1
	1918	1943	1918	1943	1918	1943
January.....	190.5	134.3	192.3	127.5	197.7	150.2
February.....	190.8	134.9	192.9	127.7	198.8	151.7
March.....	193.2	136.4	197.3	128.5	192.5	156.3
April.....	193.8	136.9	199.2	128.1	188.6	158.0
May.....	193.5	137.3	197.9	127.8	187.8	158.9
June.....	194.9	137.8	198.1	127.7	187.1	161.6
July.....	198.3	138.5	199.7	127.8	191.1	165.1
August.....	201.6	138.9	204.9	128.0	193.1	166.8
September.....	203.7	139.8	207.1	128.9	195.9	167.6
October.....	205.7	140.9	209.1	129.1	195.3	177.4
November.....	206.2	141.6	208.7	129.2	202.1	178.4
December.....	204.3	141.8	208.7	129.2	201.3	179.1
	1919	1944	1919	1944	1919	1944
January.....	204.8	141.8	209.5	129.2	202.5	178.1
February.....	199.5	142.0	205.7	129.1	196.5	178.6
March.....	199.1	142.5	204.9	129.2	196.0	178.9
April.....	196.9	142.3	201.1	129.2	203.5	178.1
May.....	200.2	141.8	201.7	128.9	208.2	174.3
June.....	200.5	141.8	203.6	128.8	210.0	174.7
July.....	201.6	141.8	206.8	128.7	206.0	174.7
August.....	205.7	141.5	209.9	128.8	216.3	173.3
September.....	212.4	141.5	214.5	128.9	227.0	172.9
October.....	212.7	141.6	213.2	128.9	228.0	176.4
November.....	216.1	141.6	213.7	129.1	234.3	176.5
December.....	222.0	141.8	216.9	129.1	239.4	176.9

Appendix L

PRICES IN WARTIME

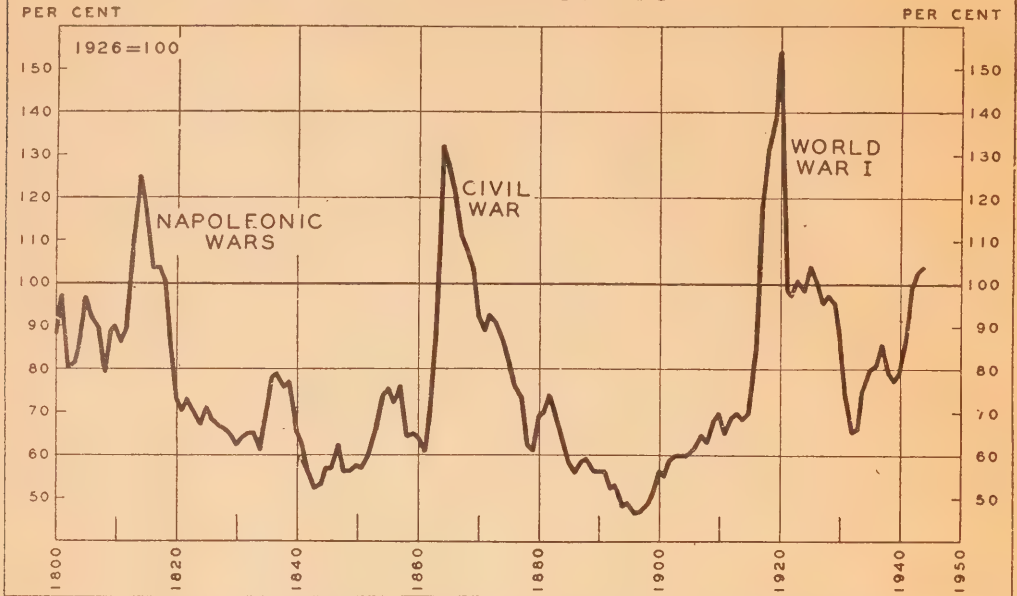
A PORTFOLIO OF CHARTS

The following charts show how prices soared and collapsed during and after the last war. They show that war expenditures have been much greater in the present conflict and how these enormous outlays have enlarged purchasing power. Finally, they show that, despite the much larger scale of the war program, prices in this war have risen far less than in the last war, and that for a full year the price level has been practically stabilized. They demonstrate that the disruption and waste of inflation is not inevitable even during the most costly war in history.

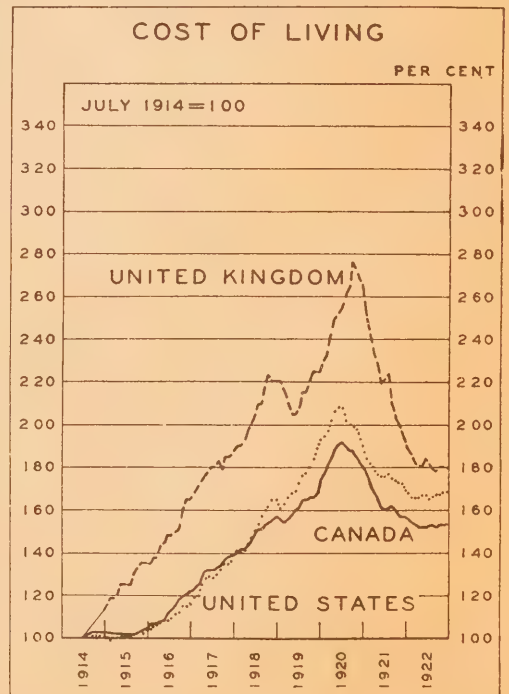
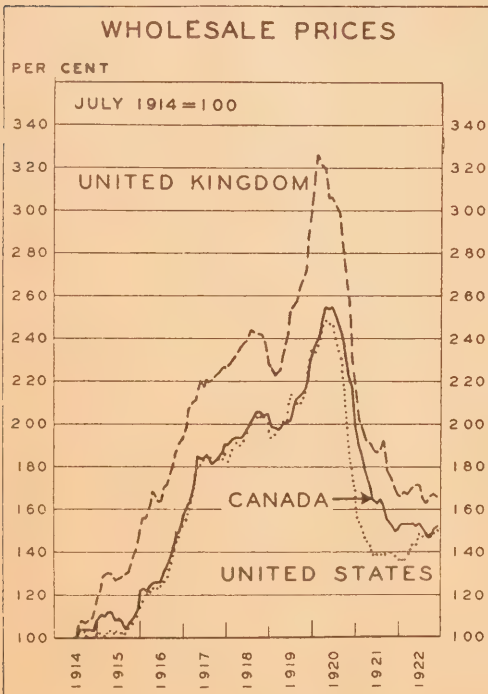
The substantial degree of success in controlling prices in Canada during this war reflects the remarkable development of economic organization and control. Canada was determined to prevent a repetition of her experience in the last war and took prompt and vigorous measures to develop a broad stabilization program. The Wartime Prices and Trade Board was set up at the beginning of the war, and when prices began to rise sharply, Canada was the first democratic country to establish an overall price ceiling. High taxation and recurrent large-scale borrowing diverted a rapidly mounting flow of purchasing power from civilian to war use. Wage control has also played its part, and supply and distribution controls have been another vital element in the stabilization program.

**PAST WARS HAVE ALWAYS BEEN ACCOMPANIED
BY PRICE INFLATION AND FOLLOWED BY DEFLATION**

**145 YEARS OF WHOLESALE PRICE MOVEMENTS IN
THE UNITED STATES**

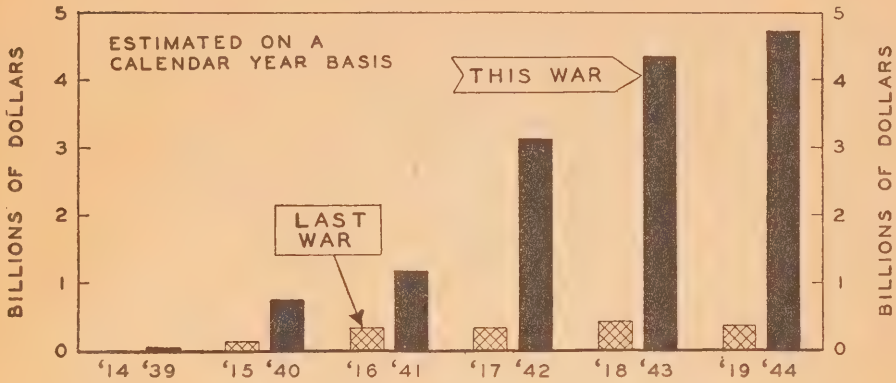


**INFLATION AND DEFLATION ACCOMPANYING
WORLD WAR I WERE PRONOUNCED IN
CANADA, UNITED STATES, UNITED KINGDOM**



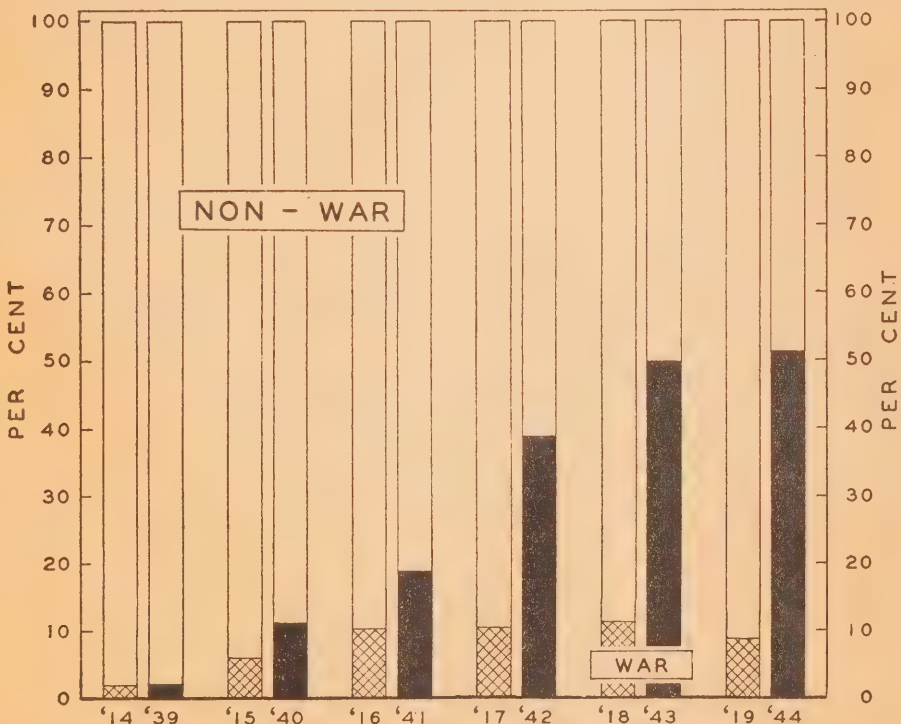
IN MANY WAYS THE PRESSURES TOWARDS INFLATION
HAVE BEEN GREATER DURING THIS WAR
WAR EXPENDITURES HAVE BEEN VERY MUCH BIGGER

DOMINION GOVERNMENT WAR EXPENDITURE



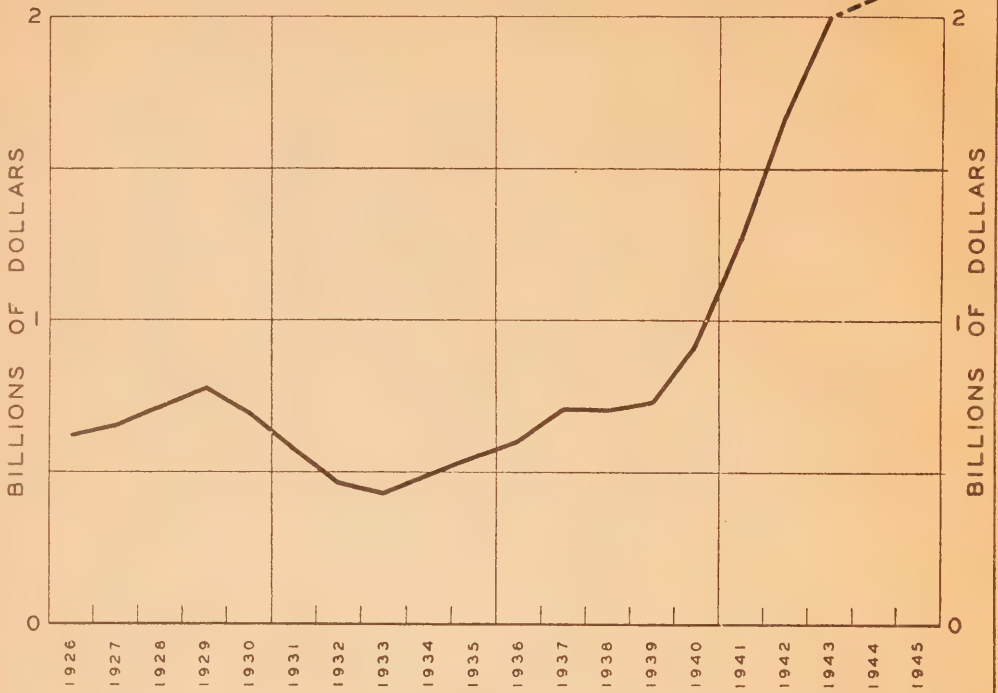
THEY HAVE ABSORBED A MUCH LARGER PROPORTION
OF THE NATION'S ENERGIES

WAR EXPENDITURE AS PERCENTAGE OF NATIONAL INCOME

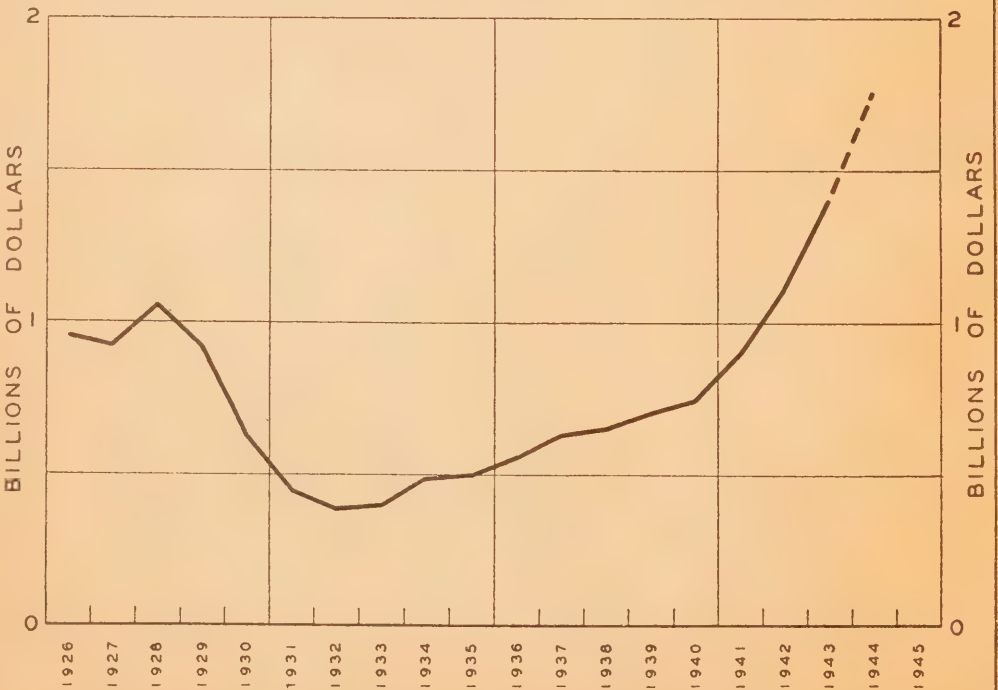


HEAVY WAR EXPENDITURES HAVE ENLARGED PURCHASING POWER — AS SHOWN BY THE RECORD OF CANADA'S TWO LEADING INDUSTRIES

WAGES AND SALARIES PAID IN MANUFACTURING

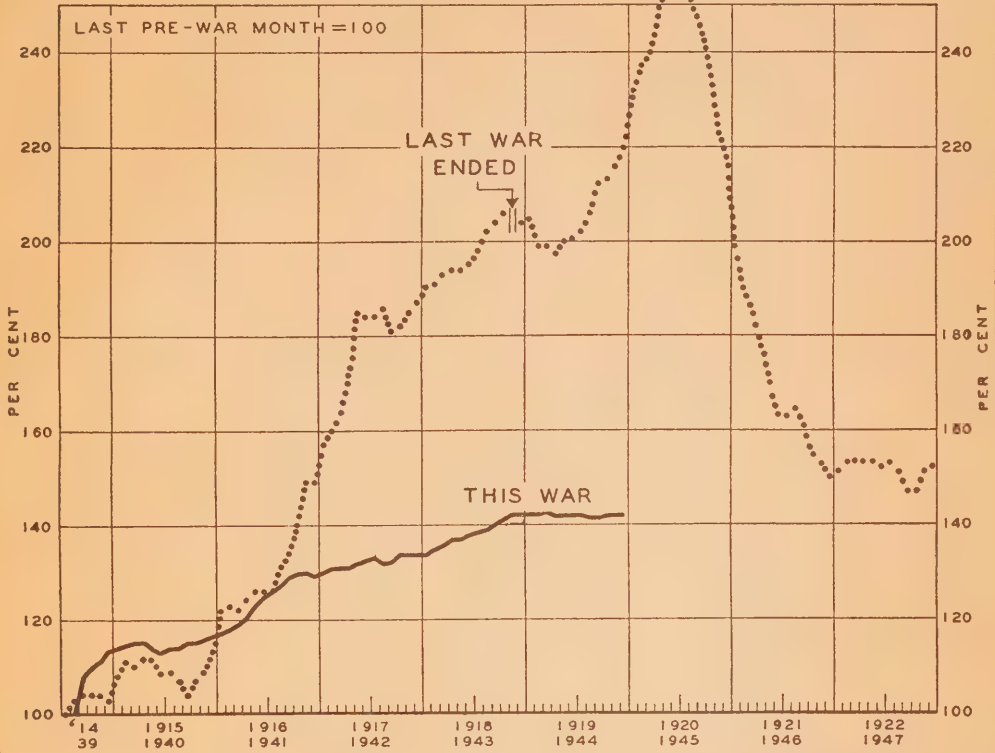


CASH INCOME FROM THE SALE OF FARM PRODUCTS

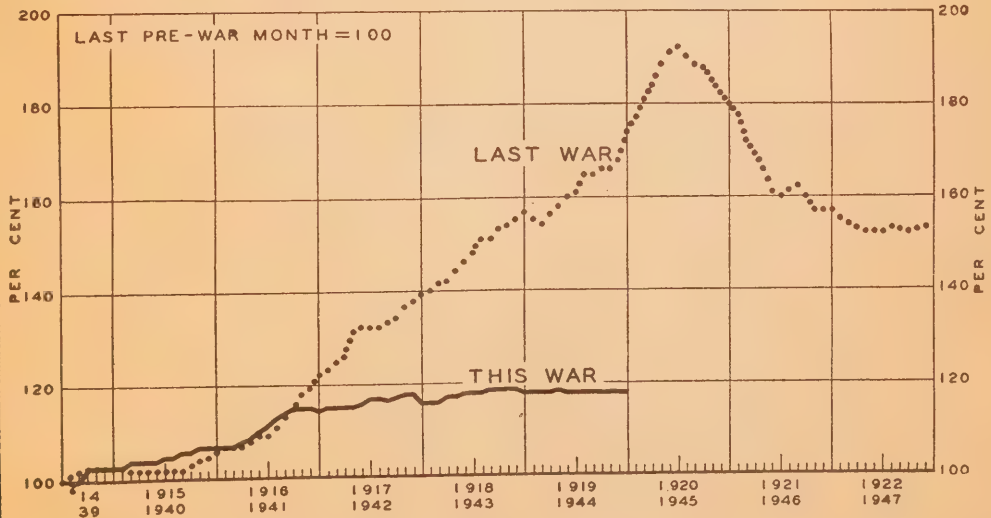


**YET PRICE INCREASES IN THIS WAR HAVE BEEN
VERY MUCH SMALLER THAN IN WORLD WAR I
UNDER THE CEILING, PRICES HAVE BEEN HELD IN CHECK
AND THE COST OF LIVING NEARLY STABILIZED**

WHOLESALE PRICES IN TWO WARS

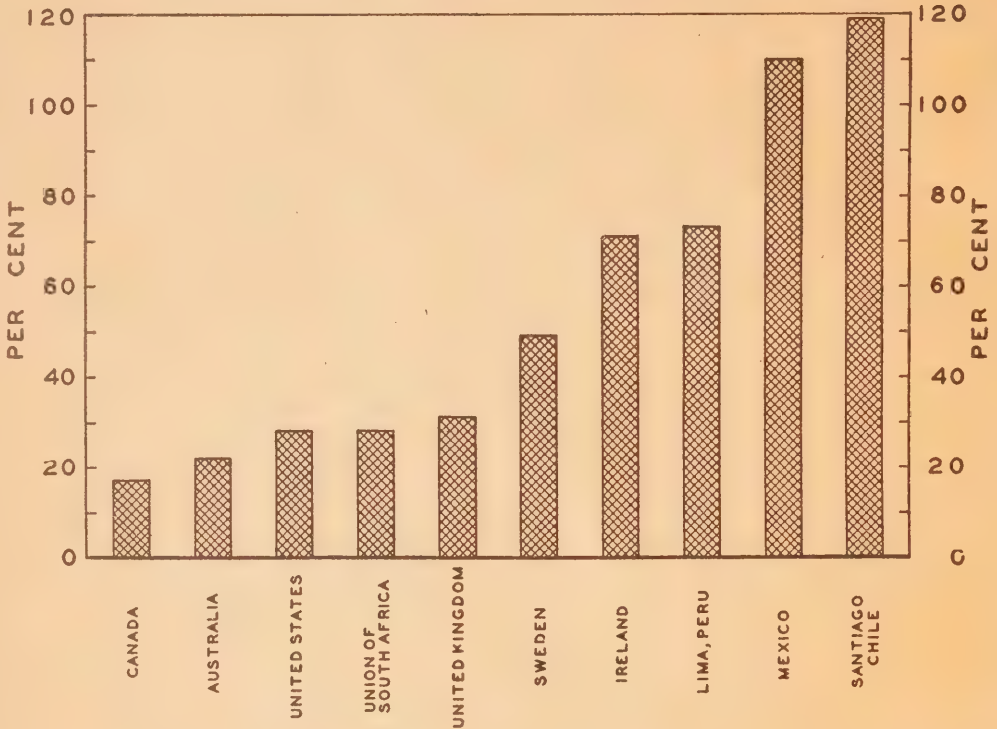


COST OF LIVING IN TWO WARS



THE WARTIME RISE OF LIVING COSTS HAS BEEN LESS IN CANADA THAN IN MOST OTHER COUNTRIES

WARTIME INCREASES IN LIVING COSTS
OVER AVERAGE FOR FIRST SIX MONTHS OF 1939



The recent stability of prices is no accident. It is the result of an organized and co-ordinated effort on the part of the Canadian people, focussed in the stabilization program — an effort which has been sufficient to control the enormous inflationary pressures inherent in the war. The extent of these pressures is partly indicated by the charts showing war expenditures and the accompanying increases in purchasing power. These pressures are still very great and, as the record of the last war indicates, the danger of inflation is almost certain to continue beyond the end of the war in Europe. As the past also shows, inflation is inevitably followed by its twin horror, deflation. The already difficult transition from war to peace need not be disorganized by violent price upheavals. As has been amply demonstrated, inflation can be prevented so long as the Canadian people give stabilization measures their determined support.

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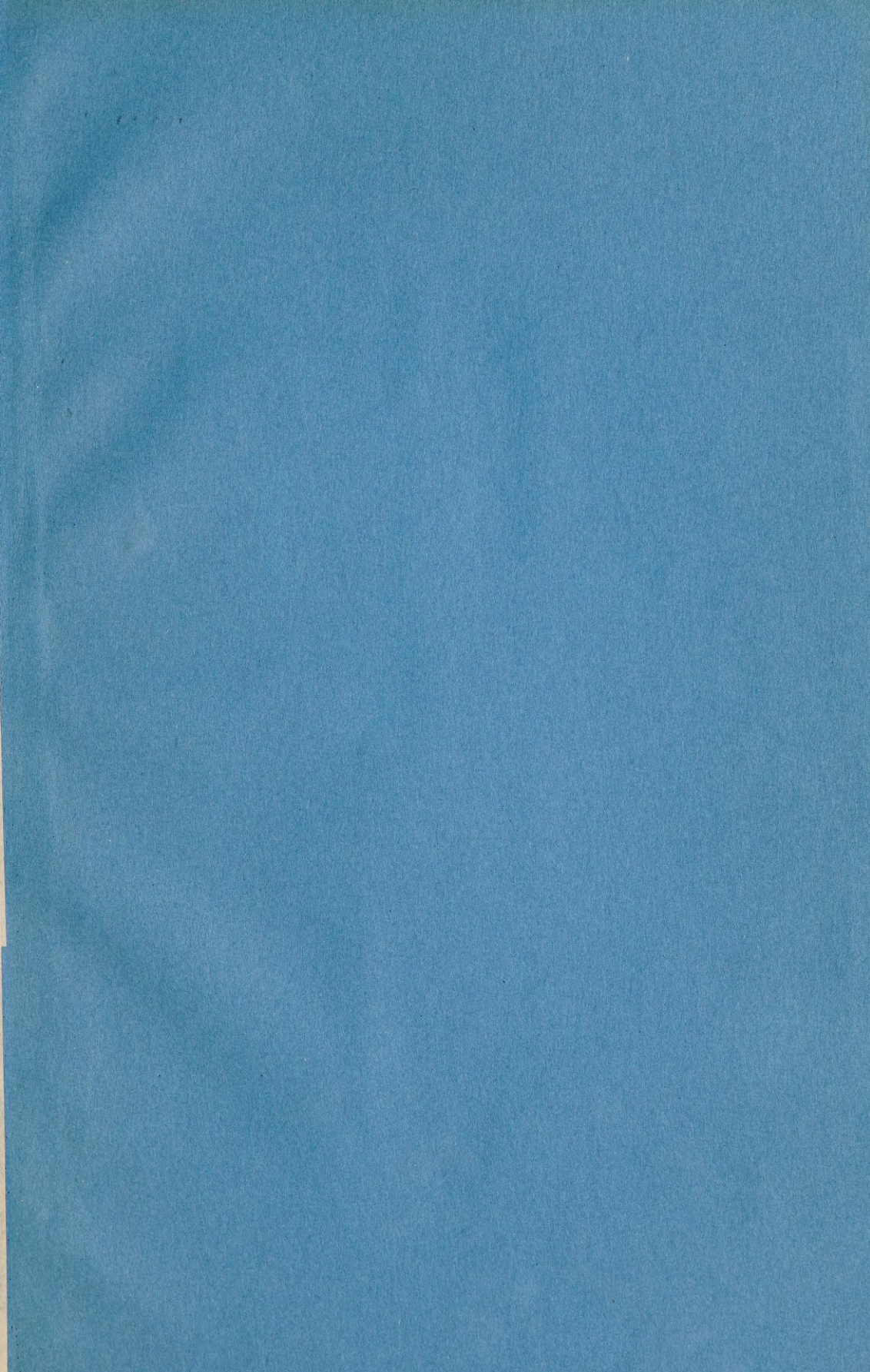
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